103

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 1995

Y 4.AP 6/1:C 73/2/995/
PT.1 B
epartment of Commerce, Justice, an...

NGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES

NEAL SMITH, Iowa, *Chairman*

BOB CARR, Michigan	HAROLD ROGERS, Kentucky
ALAN B. MOLLOHAN, West Virginia	JIM KOLBE, Arizona
JAMES P. MORAN, Virginia	CHARLES H. TAYLOR, North Carolina
DAVID E. SKAGGS, Colorado	
DAVID E. PRICE, North Carolina	

JOHN G. OSTHAUS, GEORGE H. SCHAFER, SALLY A. CHADBOURNE, and SARA MAGOULICK, *Subcommittee Staff*

PART 1B

DEPARTMENT OF COMMERCE

Page
National Oceanic and Atmospheric Administration 1
General Administration 587
Inspector General 665
Economics and Statistical Analysis 759
Bureau of the Census 893
National Telecommunications and Information Administration 1161
Patent and Trademark Office 1359

Printed for the use of the Committee on Appropriations

SUPERINTENDENT OF DOCUMENTS
DEPOSITORY

JUL 20 1994

[illegible]

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 1995

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES

NEAL SMITH, Iowa, *Chairman*

BOB CARR, Michigan	HAROLD ROGERS, Kentucky
ALAN B. MOLLOHAN, West Virginia	JIM KOLBE, Arizona
JAMES P. MORAN, Virginia	CHARLES H. TAYLOR, North Carolina
DAVID E. SKAGGS, Colorado	
DAVID E. PRICE, North Carolina	

JOHN G. OSTHAUS, GEORGE H. SCHAFER, SALLY A. CHADBOURNE, and SARA MAGOULICK,
Subcommittee Staff

PART 1B

DEPARTMENT OF COMMERCE

	Page
National Oceanic and Atmospheric Administration	**1**
General Administration	**587**
Inspector General	**665**
Economics and Statistical Analysis	**759**
Bureau of the Census	**893**
National Telecommunications and Information Administration	**1161**
Patent and Trademark Office	**1359**

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE
79-660 O WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-044383-0

COMMITTEE ON APPROPRIATIONS

WILLIAM H. NATCHER, Kentucky, *Chairman*

JAMIE L. WHITTEN, Mississippi, *Vice Chairman*
NEAL SMITH, Iowa
SIDNEY R. YATES, Illinois
DAVID R. OBEY, Wisconsin
LOUIS STOKES, Ohio
TOM BEVILL, Alabama
JOHN P. MURTHA, Pennsylvania
CHARLES WILSON, Texas
NORMAN D. DICKS, Washington
MARTIN OLAV SABO, Minnesota
JULIAN C. DIXON, California
VIC FAZIO, California
W. G. (BILL) HEFNER, North Carolina
STENY H. HOYER, Maryland
BOB CARR, Michigan
RICHARD J. DURBIN, Illinois
RONALD D. COLEMAN, Texas
ALAN B. MOLLOHAN, West Virginia
JIM CHAPMAN, Texas
MARCY KAPTUR, Ohio
DAVID E. SKAGGS, Colorado
DAVID E. PRICE, North Carolina
NANCY PELOSI, California
PETER J. VISCLOSKY, Indiana
THOMAS M. FOGLIETTA, Pennsylvania
ESTEBAN EDWARD TORRES, California
GEORGE (BUDDY) DARDEN, Georgia
NITA M. LOWEY, New York
RAY THORNTON, Arkansas
JOSÉ E. SERRANO, New York
ROSA L. DeLAURO, Connecticut
JAMES P. MORAN, Virginia
DOUGLAS "PETE" PETERSON, Florida
JOHN W. OLVER, Massachusetts
ED PASTOR, Arizona
CARRIE P. MEEK, Florida

JOSEPH M. McDADE, Pennsylvania
JOHN T. MYERS, Indiana
C. W. BILL YOUNG, Florida
RALPH REGULA, Ohio
BOB LIVINGSTON, Louisiana
JERRY LEWIS, California
JOHN EDWARD PORTER, Illinois
HAROLD ROGERS, Kentucky
JOE SKEEN, New Mexico
FRANK R. WOLF, Virginia
TOM DeLAY, Texas
JIM KOLBE, Arizona
DEAN A. GALLO, New Jersey
BARBARA F. VUCANOVICH, Nevada
JIM LIGHTFOOT, Iowa
RON PACKARD, California
SONNY CALLAHAN, Alabama
HELEN DELICH BENTLEY, Maryland
JAMES T. WALSH, New York
CHARLES H. TAYLOR, North Carolina
DAVID L. HOBSON, Ohio
ERNEST J. ISTOOK, JR., Oklahoma
HENRY BONILLA, Texas

FREDERICK G. MOHRMAN, *Clerk and Staff Director*

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 1995

TUESDAY, MARCH 15, 1994.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

WITNESSES

DR. D. JAMES BAKER, UNDER SECRETARY FOR OCEANS AND ATMOSPHERE
DOUG HALL, ASSISTANT SECRETARY
KATHY SULLIVAN, CHIEF SCIENTIST
DIANA JOSEPHSON, DEPUTY UNDER SECRETARY
ANDREW MOXAM, COMPTROLLER
MARK E. BROWN, DIRECTOR, OFFICE OF BUDGET

Mr. SMITH. This morning we continue the fiscal year 1995 budget request for the Department of Commerce, and we have NOAA with us. The total request is for $1,894,992,000. That includes $1,833,083,000 for Operations, Research and Facilities; $23 million for Fleet Modernization; $36 million for Construction, $1,273,000 for Fishing Vessel and Gear Damage Compensation Fund; $999,000 for the Fishermen's Contingency Fund; $400,000 for the Foreign Fishing Observer Fund. This is a decrease of $32,809,000 below the total amounts appropriated for NOAA to date in fiscal year 1994. No funds are requested for the Aircraft Procurement account—we did that last year—or for Fishing Vessel Obligations Guarantees. We will insert the NOAA Budget in Brief and the complete justification material, which has yet to be submitted, in support of this request into the record at this point.

[The justification materials follow:]

Department of Commerce
National Oceanic and Atmospheric Administration
BUDGET ESTIMATES, FISCAL YEAR 1995
CONGRESSIONAL SUBMISSION

Page
Number

Summary Material:

Table of contents NOAA- i
Organization chart NOAA- 1
General statement NOAA- 3
Summary of resource requirements by initiative -- Direct Obligations NOAA- 21

Appropriation: Operations, Research and Facilities

Summary of resource requirements NOAA- 31
Summary of financing NOAA- 45
Adjustments to base NOAA- 47
Justification of adjustments to base NOAA- 49
Appropriation language and code citations NOAA- 71

Advance Short-Term Forecasts & Warnings Services

Summary of resource requirements NOAA-101
Justification of program and performance NOAA-103
Changes for 1995 NOAA-113
Program change personnel detail NOAA-119
Program change detail by object class NOAA-123

Build Sustainable U.S. Fisheries

Summary of resource requirements NOAA-127
Justification of program and performance NOAA-129
Changes for 1995 NOAA-143
Program change personnel detail NOAA-153
Program change detail by object class NOAA-159

Recovering Protected Species

Summary of resource requirements NOAA-163
Justification of program and performance NOAA-165
Changes for 1995 NOAA-169
Program change personnel detail NOAA-175
Program change detail by object class NOAA-179

Coastal Ecosystems Health

Summary of resource requirements NOAA-183
Justification of program and performance NOAA-185
Changes for 1995 NOAA-199
Program change personnel detail NOAA-205
Program change detail by object class NOAA-209

Education & Human Resources

Summary of resource requirements NOAA-213
Justification of program and performance NOAA-215
Change for 1995 NOAA-219
Program change personnel detail NOAA-221
Program change detail by object class NOAA-223

Environmental Technology

Summary of resource requirements NOAA-227
Justification of program and performance NOAA-229
Changes for 1995 NOAA-231
Program change detail by object class NOAA-233

Modernize Navigation & Positioning Services

Summary of resource requirements NOAA-235
Justification of program and performance NOAA-237
Changes for 1995 NOAA-247
Program change personnel detail NOAA-249
Program change detail by object class NOAA-251

Implement Seasonal to Interannual Climate Forecasts

Summary of resource requirements NOAA-255
Justification of program and performance NOAA-257
Changes for 1995 NOAA-265
Program change personnel detail NOAA-269
Program change detail by object class NOAA-271

Predict and Assess Decadal to Centennial Change

Summary of resource requirements NOAA-275
Justification of program and performance NOAA-277
Changes for 1995 NOAA-289
Program change personnel detail NOAA-299
Program change detail by object class NOAA-303

Environmental Information

Summary of resource requirements NOAA-307
Justification of program and performance NOAA-309
Changes for 1995 NOAA-311
Program change detail by object class NOAA-315

Office of Administration

Summary of resource requirements NOAA-317
Justification of program and performance NOAA-319
Change for 1995 NOAA-323
Program change personnel detail NOAA-325
Program change detail by object class NOAA-327

Other ORF exhibits:

Summary of requirements by object class NOAA-331
Detailed requirements by object class NOAA-333
Schedule of permanent positions/average grade and salary NOAA-339
Appropriation summary statement NOAA-341
Justification of proposed language changes NOAA-343
Consulting and related services NOAA-345
Periodicals, pamphlets and audiovisual products NOAA-347

Appropriation language and code citations (Non-Orf Appropriations) NOAA-349

Appropriation: Construction
Environmental Compliance and Facilities Construction

Summary of resource requirements NOAA-353
Summary of financing NOAA-355
ATB and built in changes NOAA-357
Justification of ATB NOAA-359
Justification of program and performance NOAA-361
Changes for 1995 NOAA-365
Program change personnel detail NOAA-367
Program change detail by object class NOAA-369
Summary of requirements by object class NOAA-377
Detailed requirements by object class NOAA-379

Appropriation: Fishing Vessel Obligations Guarantees Program Account

Summary of resource requirements NOAA-387
Summary of financing NOAA-389
Justification of program and performance NOAA-391
Change for 1995 NOAA-393
Program change detail by object class NOAA-395
Summary of requirements by object class NOAA-397
Detailed requirements by object class NOAA-399

Appropriation: Fleet Modernization, Shipbuilding and Conversion
Fleet Replacement and Modernization

Summary of resource requirements NOAA-405
Summary of financing NOAA-407
Adjustments to base NOAA-409
Justification of adjustments to base NOAA-411
Justification of program and performance NOAA-413
Changes for 1995 NOAA-415

Program change by object class NOAA-421
Summary of requirements by object class NOAA-423
Detailed requirements by object class NOAA-425
Consulting and Related Services NOAA-430A

Appropriation: Geostationary Operational Environmental Satellite

Summary of resource requirements NOAA-431
Summary of financing NOAA-433
Justification of program and performance NOAA-435
Summary of requirements by object class NOAA-437

Appropriation: Promote and Develop Fishery Products

Summary of resource requirements NOAA-439
Summary of financing NOAA-441
Justification of program and performance NOAA-443
Changes for 1995 NOAA-445
Program change by object class NOAA-447
Summary of requirements by object class NOAA-449
Detailed requirements by object class NOAA-451

Appropriation: Fishing Vessel and Gear Damage Compensation Fund

Summary of resource requirements NOAA-457
Summary of financing NOAA-459
Adjustments to base NOAA-461
Justification of adjustments to base NOAA-463
Justification of program and performance NOAA-465
Change for 1995 NOAA-467
Program change detail by object class NOAA-469
Summary of requirements by object class NOAA-471
Detailed requirements by object class NOAA-473

Appropriation: Fishermen's Contingency Fund

Summary of resource requirements NOAA-479
Summary of financing NOAA-481
Justification of program and performance NOAA-483

Summary of requirements by object class NOAA-485
Detailed requirements by object class NOAA-487

Appropriation: Foreign Fishing Observer Fund

Summary of resource requirements NOAA-495
Summary of financing NOAA-497
Adjustments to base NOAA-499
Justification of adjustments to base NOAA-501
Justification of program and performance NOAA-503
Change for 1995 NOAA-505
Program change detail by object class NOAA-507
Summary of requirements by object class NOAA-509
Detailed requirements by object class NOAA-511

Appropriation: Coastal Zone Management Fund

Summary of resource requirement NOAA-517
Summary of financing NOAA-519
Justification of program and performance NOAA-521
Summary of requirements by object class NOAA-523
Detailed requirements by object class NOAA-525

Appropriation: Damage Assessment and Restoration Revolving Fund

Summary of resource requirements NOAA-531
Summary of financing NOAA-533
Adjustments to base NOAA-535
Justification of adjustments to base NOAA-537
Justification of program and performance NOAA-539
Summary of requirements by object class NOAA-555

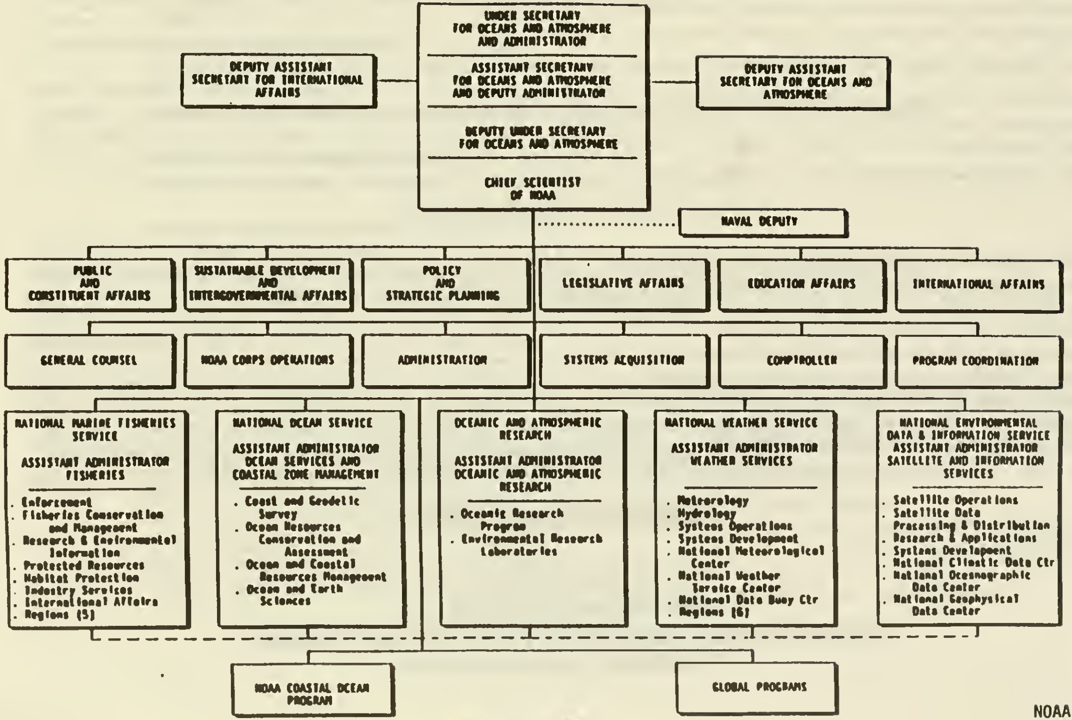
Appropriation: Federal Ship Financing Fund

Summary of resource requirements NOAA-557
Summary of financing NOAA-559
Justification of program and performance NOAA-561
Summary of requirements by object class NOAA-563

Appropriation: Aircraft Procurement and Modernization

Summary of resource requirements (salmon sheet) NOAA-565
Summary of financing NOAA-567
Adjustment to base NOAA-569
Justification of Adjustments to Base NOAA-571
Justification of program/performance NOAA-573
Summary of requirements by object class NOAA-575

U.S. DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION


UNDER SECRETARY FOR OCEANS AND ATMOSPHERE AND ADMINISTRATOR
ASSISTANT SECRETARY FOR OCEANS AND ATMOSPHERE AND DEPUTY ADMINISTRATOR
DEPUTY UNDER SECRETARY FOR OCEANS AND ATMOSPHERE
CHIEF SCIENTIST OF NOAA
DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY FOR OCEANS AND ATMOSPHERE
NAVAL DEPUTY
PUBLIC AND CONSTITUENT AFFAIRS
SUSTAINABLE DEVELOPMENT AND INTERGOVERNMENTAL AFFAIRS
POLICY AND STRATEGIC PLANNING
LEGISLATIVE AFFAIRS
EDUCATION AFFAIRS
INTERNATIONAL AFFAIRS
GENERAL COUNSEL
NOAA CORPS OPERATIONS
ADMINISTRATION
SYSTEMS ACQUISITION
COMPTROLLER
PROGRAM COORDINATION
NATIONAL MARINE FISHERIES SERVICE
ASSISTANT ADMINISTRATOR FISHERIES
. Enforcement
. Fisheries Conservation and Management
. Research & Environmental Information
. Protected Resources
. Habitat Protection
. Industry Services
. International Affairs
. Regions (5)
NATIONAL OCEAN SERVICE
ASSISTANT ADMINISTRATOR OCEAN SERVICES AND COASTAL ZONE MANAGEMENT
. Coast and Geodetic Survey
. Ocean Resources Conservation and Assessment
. Ocean and Coastal Resources Management
. Ocean and Earth Sciences
OCEANIC AND ATMOSPHERIC RESEARCH
ASSISTANT ADMINISTRATOR OCEANIC AND ATMOSPHERIC RESEARCH
. Oceanic Research Program
. Environmental Research Laboratories
NATIONAL WEATHER SERVICE
ASSISTANT ADMINISTRATOR WEATHER SERVICES
. Meteorology
. Hydrology
. Systems Operations
. Systems Development
. National Meteorological Center
. National Weather Service Center
. National Data Buoy Ctr
. Regions (6)
NATIONAL ENVIRONMENTAL DATA & INFORMATION SERVICE ASSISTANT ADMINISTRATOR SATELLITE AND INFORMATION SERVICES
. Satellite Operations
. Satellite Data Processing & Distribution
. Research & Applications
. Systems Development
. National Climatic Data Ctr
. National Oceanographic Data Center
. National Geophysical Data Center
NOAA COASTAL OCEAN PROGRAM
GLOBAL PROGRAMS

NOAA-1

February 7, 1994
Pending Departmental Approval

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
FY 1995 Congressional Submission
General Statement

NOAA'S VISION FOR 2005

NOAA's mission includes two equally important components: promoting global environmental stewardship in order to conserve and wisely manage the Nation's marine and coastal resources, and describing, monitoring, and predicting changes in the Earth's environment in order to ensure and enhance sustainable economic opportunities. In fulfilling this mission, NOAA plays an active and fundamental role in carrying out the President's pledge that there no longer be false choices between economic prosperity and environmental quality. As a major component of the Department of Commerce, NOAA performs its mission in ways that support every facet of the Nation's economy and enhance the quality of life for the American people.

NOAA's vision for the year 2005 is a world in which societal and economic decisions will be strongly coupled with an increasingly comprehensive understanding of the environment. To achieve this goal, the Nation must:

- Invest in world-class research and development;
- Implement integrated approaches to environmental management and coastal resource development for economic and environmental health;
- Develop reliable weather, climate, solar, ocean, and marine assessments and predictions;
- Develop public-private partnerships for expansion and transfer of environmental technology, including new global observing systems; and
- Build and utilize new information technology and networks.

We envision a 21st century in which the goals of environmental stewardship and environmental assessment and prediction are relentlessly pursued, enhancing economic prosperity and dramatically contributing to the balance of trade in the global economy. NOAA will play an important role in maintaining the long-term environmental health and economic productivity of the Nation's coastal areas. NOAA will play a critical role in understanding, forecasting, and predicting climate events. It is our responsibility to provide the sound scientific observations, assessments and forecasts on which resource management and other societal decisions can be based.

NOAA's strategic plan transcends our organizational structure, and incorporates programs that are operated and managed horizontally, across and among line and program office organizational structure. Our plan and our vision require and incorporate synergy, innovation, cooperation, and partnerships. Our plan represents a new way of doing business in the Department of Commerce; it represents a reinvention of government.

NOAA'S OVERALL STRATEGY

To fulfill NOAA's vision of helping America live in a world in which decisions are made with a full understanding of the economic and environmental consequences, NOAA will employ a coordinated investment strategy to organize and implement its effort during the next ten years. This strategy is designed to unify the agency, to identify coherent programmatic objectives to capitalize on available resources across NOAA's program elements, and to develop innovative implementation measures to maximize cost-effectiveness.

NOAA's overall strategy will entail:

- employing a competent and diverse workforce with skills to match NOAA's mission,
- realizing programmatic goals by investing wisely and in a timely manner,
- introducing management efficiencies and redirection of lower priority resources,
- building upon opportunities for convergence of programs with other Federal agencies,
- forming new partnerships with other government agencies, the private sector and academia to take advantage of their capabilities,
- pooling resources internationally to build global partnerships, and
- targeting investments in programs that will result in significant benefit to industry and the public.

With respect to innovative program implementation, NOAA's strategy will focus on expanded organizational partnerships externally, application of advanced information technologies, and investment in human resources.

In the case of expanded external partnerships, NOAA will pursue every opportunity for shared or joint action with other governmental agencies from the local to the global level. These opportunities will range from shared research and environmental data collection to the delivery of environmental prediction or the management of natural resources. Perhaps the potentially most fruitful partnership will be with the Department of Defense in the convergence or dual use of military technology in the environmental area.

Academic and private sector partnerships will be developed to satisfy NOAA's internal requirements for development and acquisition of technology to perform its mission and extend to promoting of the use of these technologies in foreign markets. NOAA also will explore partnerships with the private sector and the academic community to identify more cost effective approaches to attain environmental protection objectives. In this regard, NOAA's own environmental compliance responsibilities at NOAA facilities can be viewed as an opportunity to demonstrate new remediation techniques with the private sector.

More innovative implementation strategies will directly depend upon the use of advanced information technologies to carry out NOAA's mission. The most powerful computer systems and access to high speed data communication highways will offer important opportunities for NOAA in both its internal operations and the external distribution of its information to industry and the public.

Ultimately, the success of innovations in program implementation will rest on systematic investment in NOAA's human capital in every occupational category. The challenges facing NOAA to serve the Nation in the 21st century will demand a very sophisticated workforce. From the selection of the most competent employees at the entry level to the continuing education and training of experienced personnel, NOAA's ability to keep abreast of scientific, technological and program support innovations will require a sustained investment in human resources development. In the education arena, NOAA will focus both on training opportunities for its workforce and on enhanced public and information dissemination programs for the general public. NOAA will expand its direct teacher training and education program and develop a central clearinghouse for technologies and programs using NOAA data to support environmental education.

INVESTMENTS IN NOAA'S FUTURE AS AN INTEGRATED AGENCY

NOAA was established as a single agency on the premise that oceanic and atmospheric science issues are inter-related and that common approaches to environmental observation, sampling, analysis, prediction, and management will lead to the most cost-effective approaches to fulfilling the Nation's needs. In order to address the complex needs for data assimilation and analysis, NOAA currently employs a sophisticated common infrastructure comprising the following elements:

- Collection of environmental information routinely from 10,000 locations around the world;
- The largest fleet of research and survey vessels of any governmental agency;
- The largest fleet of aircraft for research and operational science purposes;
- 43 major laboratories, 4 operational computer-based prediction centers, 4 major environmental data centers, and nearly 500 field facilities;
- The world's fourth largest "space" fleet, and
- The largest environmental data archive in the world.

The shared infrastructure of NOAA is the foundation upon which NOAA's primary resource, its employees, perform NOAA's mission with distinction. Like any organization in the government or the private sector with extensive operational field responsibilities, sound management dictates a systematic capital investment and maintenance strategy to assure continuity and cost-effectiveness of operations and research. Such an investment strategy is particularly important for a science-based agency like NOAA because:

- Technological obsolescence of the tools of environmental observation and analysis is rapid because of the pace of technological advance;
- Operational use (twenty-four hours a day, every day) produces considerable wear and tear on equipment;
- Periodic technological breakthroughs provide opportunities to reduce costs and improve performance in such cases as computers and miniaturization of electronic components reducing power requirements in remote field locations;
- System failure due to inadequate maintenance can seriously interrupt operational product preparation or the continuity of long-term observational data sets.

Accordingly, NOAA has prepared a comprehensive infrastructure investment strategy that will systematically and cost effectively invest in:

- New ships, aircraft, satellites and instrumentation stations;
- New computer and communication technologies, and
- New or modernized laboratories and facilities.

In pursuing a comprehensive infrastructure investment strategy for modern technology, NOAA will observe the following principles:

- Leverage or share the related assets of other governmental agencies or private organizations where practical;
- Seek off-the-shelf, proven technologies where possible;
- Provide maximum access to NOAA infrastructure assets for external parties when compatible with NOAA's mission, and
- Promote the interests of American vendors who supply NOAA by stimulating foreign markets for environmental technology.

Although many elements of NOAA's infrastructure can be targeted to specific NOAA mission areas, the high cost, sophisticated technologies described above serve common purposes and, therefore, can be viewed as a shared system that is the backbone of NOAA as an integrated agency.

With respect to NOAA's strategy to achieve programmatic integration, NOAA's investments will be organized around its Environmental Stewardship and Environmental Assessment and Prediction mission areas. The sections that follow summarize NOAA's programmatic "portfolios" that will provide specific investment opportunities for the next ten years. Separate portfolio documents serve as a more detailed basis for external dialogue about program elements of NOAA's strategic plan.

AN INVESTMENT STRATEGY FOR ENVIRONMENTAL STEWARDSHIP

VISION FOR 2005

NOAA envisions United States coastal areas with healthy ecosystems, wise human development, and safe and efficient maritime commerce.

KEY PROGRAM ELEMENTS

As Federal trustee for living marine resources and their habitats, NOAA foresees both coastal economic health and coastal ecosystem health. To attain this vision, NOAA's Environmental Stewardship investment strategy includes the following:

- Build sustainable fisheries by refocusing policies and fishery management planning on increased scientific information, rather then letting controversy and confusion drive the decisionmaking. This is one of NOAA's most significant goals for the next decade. NOAA will implement ambitious fishery management plans. It will address problems of uncontrolled access in fisheries, overcapitalization, overfishing, controversial allocation decisions between various fishing groups, and wasteful incidental catch. NOAA is requesting a net change of -43 FTE and +$17.1 million in FY 1995 for activities in this area.

- Recover protected species by protecting marine mammals as the public expects and the law requires, while still allowing for economic and recreational opportunities. NOAA will implement recovery plans, take a proactive approach to preventing depleted status designation for species before it happens, and develop new approaches to reduce conflicts between protected species management and users of marine resources. NOAA is requesting a net change of -1 FTE and +$19.2 million in FY 1995 for activities in this area.

- Promote coastal ecosystems health by ensuring that economic development in coastal ecosystems of the U.S. is managed in ways that maintain biodiversity and long-term productivity for sustained use. Working in partnership at the Federal and state level, NOAA will integrate its operational management activities in an ecosystem-wide approach, increase monitoring in coastal areas, conduct assessments to provide better information for decisionmakers, provide education and outreach to increase public understanding, and undertake a more proactive effort in understanding and maintaining marine biodiversity. FY 1995 efforts will focus on maintaining ongoing coastal program management efforts, gradually shifting into a more integrated approach, and making advances in habitat protection necessary to support sustainable fishery resources. NOAA is requesting a net decrease in FY 1995 of -9FTE and -$10.0 million for activities in this area.

- **Modernize navigation and positioning services to meet the Nation's needs to electronically integrate accurate chart data, satellite-based locations, and real-time environmental information.** NOAA will exploit emerging new technologies and redefine its products and services with updated nautical surveys, digital nautical information, modern marine forecasts, and basic data and coordinate reference network for geographic information systems for coastal decisionmaking. FY 1995 efforts will focus on maintaining ongoing Mapping, Charting and Geodesy efforts. NOAA is requesting a net decrease of 16 FTE and -$2.4 million in FY 1995 for activities in this area.

EXPECTED BENEFITS FOR THE NATION

The Nation can anticipate significant benefits from NOAA's investments in these areas. Rebuilding the Nation's fishery resources will yield additional value from commercial and recreational fisheries and a reduced trade deficit from additional fishery exports. Protected species recovery will result in healthy marine mammal populations with immense but immeasurable values and prevent irreversible species losses that foreclose on options for future generations. Healthy coastal ecosystems will increase opportunities for recreation and tourism, reduce user conflicts in coastal areas, and avoid costly ecosystem restoration in the future. Modern NOAA navigation and positioning services will reduce the risks to life, cargo, and the environment from ship groundings.

AN INVESTMENT STRATEGY FOR ENVIRONMENTAL ASSESSMENT AND PREDICTION

VISION FOR 2005

NOAA will have an integrated environmental observation, assessment, and forecast service that enhances public safety and the Nation's economic and environmental security.

KEY PROGRAM ELEMENTS

This vision will be achieved by providing science-based advice to policymakers to manage the global environment, producing forecasts of global climate variability, and improving short-term warning and forecast products and services. NOAA will improve its capability to observe, understand, and predict the environment by:

- **Advancing short-term warning and forecast services for the entire environment: atmosphere, water resources, coasts, oceans, and space.** The primary objective of the forecast and warning services strategy is to create a truly NOAA-wide forecast and warning service. This will be accomplished by completing weather service modernization, applying the lessons learned from the modernization effort, and conducting research and development activities to better understand and predict the environment. Achieving these goals will save lives and improve U.S. economic productivity. The stakes are sizeable. Each year, 1,000 Americans die directly from severe weather, and thousands more die indirectly. Economic disruption from adverse weather annually costs the Nation tens of billions of dollars. NOAA is requesting a net change of 49 FTE and -$14.4 million in FY 1995 for activities in this area. This represents increase of $108.3 million in programmatic increases offset by decreases of -$122.7 million associated with the reductions included in the planning ceiling and other decreases.

- **Implementing reliable seasonal and interannual climate forecasts to guide economic planning.** To foster this investment strategy, NOAA's goal is to develop a national climate prediction center and national and international climate research centers. Data systems development, continued research efforts, and a greatly enhanced social science infrastructure are needed to realize the investment. NOAA is requesting a net increase of $14.1 million in FY 1995 for activities in this area.

- **Providing science-based policy advice on options to deal with decadal-to-centennial changes in the global environment.** Prediction and assessment on decadal to centennial time scales requires improved understanding of global environmental changes, enhancing existing operational weather networks, and commencing research efforts to provide the scientific basis for implementing the Clean Air Act Amendments of 1990. NOAA is requesting a net decrease of $867,000 in FY 1995 for activities in this area.

EXPECTED BENEFITS FOR THE NATION

Implementing this NOAA investment strategy for environmental assessment and prediction will provide significant benefits to society. Policymakers responsible for making appropriate societal decisions must possess confidence in the credibility of the prediction system. Over the next decade, the application of NOAA's sound, scientific analysis will allow local, national, and international policymakers a sound scientific rationale on which to base important public policy questions concerning climate change. Improved scientific understanding and technological advancement will save lives and enhance economic opportunity. New partnerships and cooperation between local, state, and federal government and industry will enhance NOAA's environmental assessment and prediction programs to further benefit American citizens.

CROSS-CUTTING INITIATIVES

VISION FOR 2005

NOAA's cross-cut Initiatives build effective bridges to other Department of Commerce bureaus, Federal agencies, and private sector partners to leverage limited resources in support of mission objectives.

KEY PROGRAM ELEMENTS

By the year 2005, NOAA will be serving a diverse, international community that will demand improved and expanded environmental date and information that NOAA alone cannot now provide. Future environmental technology businesses will be fueled by the exploitation of government-directed research and development, and reliant on NOAA predictions and global environmental assessments.

- **NOAA will invigorate opportunities for education and human resource development** through the Vice-President's Global Learning and Observation to Benefit the Environment (GLOBE) Program. This interagency program is designed to enhance global environmental awareness and to increase scientific understanding of the earth by working with the worldwide network of schools to collect environmental observations. In FY 1995, 8 FTE and $6.8 million are requested for this new start.

- **NOAA will be instrumental in building domestic and foreign market demand for its environmental technologies, paving the way for the introduction of American products and services abroad.** Accelerated introduction of environmental technologies will increase the competitiveness of the U.S. economy. No funds were requested for this program in FY 1995.

- **NOAA will explore new opportunities for convergence of its polar-orbiting environmental satellite system with that of the Department of Defense.** Planning for future operational satellite missions will consider options for a NOAA-led civilian system, with international partnerships, that result in a coherent national program, significant cost savings, and augmented space-based environmental monitoring. No additional funds are requested for these activities in FY 1995, however, substantial savings in the outyears will be achieved government-wide.

- **Dual-use of previously classified environmental systems,** can successfully bolster NOAA environmental research and technology efforts with a relatively small investment. No additional funds are requested for these activities in FY 1995.

- **NOAA will promote effective distribution of data and information from its unique and massive environmental data holdings through information technologies built on the new National Information Infrastructure.** New, very high performance computing and communications systems will enable NOAA to produce improved forecasts and assessments from sophisticated models not limited by computational technology. NOAA is requesting an increase of 5 FTE and $14.4 million in FY 1995 for activities in this area.

- **By strengthening involvement in international fora, NOAA will play a lead role in implementing United Nations Conference on Environment and Development (UNCED) recommendations,** building an integrated, global approach to addressing environmental problems and enacting solutions. No additional funds are requested for these activities in FY 1995.

EXPECTED BENEFITS FOR THE NATION

The cross-cutting initiatives place NOAA in a better position to respond to dramatically increasing demands for its critical services of environmental stewardship and environmental prediction and assessment.

- NOAA can greatly enhance environmental research and operational prediction at a fraction of the costs of establishing new programs by leveraging the billions of dollars of investments already made by other agencies and through exploitation of applicable dual-use programs. NOAA can consolidate various national assets to greatly increase the cost efficiency of ongoing efforts.

- U.S. business, government, research, and the public will all experience improved productivity through dramatically increased use of NOAA environmental data and information resources.

- The environmental technology sector of the national economy will show increased vigor and market share. American industry as a whole will become more resource-efficient.

INFRASTRUCTURE

VISION FOR 2005

NOAA vision for the 21st century requires investment in its infrastructure to enable the agency to carry out its programs efficiently, effectively, and reliably.

KEY PROGRAM ELEMENTS

In addition to correcting deficiencies in the current support base for administrative services, the following investments are needed:

- **Fleet Replacement and Modernization.** This capital investment program is designed to replace and modernize NOAA's research and charting fleet to meet critical data collection requirements. Due to the limited funds in FY 1995, continued modernization of the Fleet is being deferred. NOAA is requesting a net decrease of $54.0 million in FY 1995 for activities in this area.

- **Environmental Compliance.** This program will upgrade NOAA's facilities to safe, healthful, and energy efficient standards and meet environmental compliance requirements. In FY 1995, $2.0 million requested will focus on meeting environmental complaince requirement at NOAA facilities and clean-up efforts in the Pribilof Islands, Alaska. For this activity, a net decrease of $29.0 million in FY 1995 is proposed.

- **Environmental Satellites.** NOAA will maintain critical satellite continuity through timely procurement of polar-orbiting and geostationary satellites, launch services, and ground systems to support all mission areas and will seek to establish a fully coordinated national civil operational environmental satellite system. No additional funds are requested for these activities in FY 1995.

EXPECTED BENEFITS

From NOAA's investments in these areas, there are significant benefits including: data collection vital to the health and economic well being of the Nation in order to manage fisheries stocks, predict short and long-term climate changes to allow for safe marine commerce; stimulate the economy in terms of the U.S. shipbuilding industrial base; assurance that NOAA facilities are in legal compliance with environmental, occupational health and safety regulations and that NOAA facilities are in full support of NOAA program missions, and reduction in operating costs due to use of energy efficient equipment and buildings.

NOAA also is proposing to increase fee revenues ($88 million), to be deposited into a special fund in the Treasury to help offset the costs of administering our living marine resources, marine sanctuary, and aeronautical charting programs. The specific details of these fees are being developed in close consultation with NOAA's constituent communities and the Congress. Our guiding principles in developing these fees include the idea that the fees be reasonable and not represent an onerous burden and that revenues generated by the fees be used to benefit the people paying the fees.

For FY 1995, NOAA proposes largely to finance its programs most directly related to mapping and charting, and marine navigational safety from Harbor Maintenance Trust Fund receipts. Authorizing legislation will be transmitted to permit this change in financing for the Operations, Research and Facilities account. The amount proposed to be derived from the trust fund is $45.5 million.

RETURNS ON INVESTMENT IN NOAA

The economic benefits of NOAA's work are reflected in the pervasiveness of the public and private use of NOAA's products and services. From airports to marinas to space vehicle launch sites to farms in Nebraska, people depend on information from NOAA every minute of every day. Direct annual benefits of NOAA's programs to America are in the range of tens of billions of dollars. With the additional activities described in this prospectus, these benefits will be multiplied further.

The indirect benefits of NOAA's programs are also substantial because so many governmental agencies at every level (local government to the United Nations) are dependent upon their success. At the state and local level, agencies with the following responsibilities routinely rely on NOAA support to fulfill their missions.

At the federal level, virtually every department and many independent agencies are dependent upon NOAA's programs. The most obvious dependencies include:

- Department of Defense (environmental monitoring and prediction)
- Department of the Interior (natural resource management and environmental hazards)
- Department of Transportation (aviation and maritime safety)
- Department of Energy (earth/environmental science)

- Department of Health and Human Services (environmental science and public health)
- Department of Agriculture (weather/climate information)
- Environmental Protection Agency (environmental science, data and natural resources management)
- National Aeronautics and Space Administration (earth remote sensing and associated research)

Within the Federal government, this complex array of agency interdependencies is orchestrated by the Committee on Environment and Natural Resources (CENR) under the aegis of the President's Science Advisor. One committee reporting to the council, the Committee on Earth and Environmental Sciences (CEES), is the primary mechanism used by NOAA to pursue its partnerships with other federal agencies.

NOAA also contributes to bilateral and regional international organizations that support the foreign policy of the United States. However, NOAA's contribution to the United Nations system in the response to global environmental problems is most pronounced. Within the United Nations system, the United States has consistently served as the most influential member in the development of global environmental policy. Virtually all of the specific global environmental problems that the United Nations has targeted for urgent action have relied on NOAA's contributions, either in terms of data or observations (such as greenhouse gas increases) or scientific understanding (ozone chemistry).

NOAA's continued role of supporting American leadership in the United Nations system in attacking global environmental problems is assured because American academic institutions provide more educational opportunities in environmental science and engineering for foreign nationals than any other country, and NOAA's scientists and oceanic and atmospheric infrastructure provide a unique cornerstone to support the entire American environmental science community in pursuit of global environmental challenges.

Looking to the 21st century, the global environmental agenda reflects added urgency and complexity to the mobilization of the other nations of the world to responsible action. Human society must forge a new bargain with nature that reflects the environmental bounds of the Earth. NOAA can help the United States lead the way.

FTE AND ADMINISTRATIVE REDUCTIONS

NOAA's FY 1995 budget submission implements the required savings to support the President's mandate for increased administrative efficiency and the overall reduction in the Executive branch FTE employment. The NOAA Administrative savings totaling -$8,890,000 in FY 1995, reflects the effect of Executive Order 12837, through the reduction of the NOAA overhead outlays (classified as the object class 20 series expenditures).

The FY 1995 FTE reduction resulting from Executive Order 12839, produces a net NOAA personnel savings of -302 FTE and -$6,870,000. The FY 1995 savings resulting from the NOAA Administrative and FTE reductions (including the NWS deferment) totals -$15,760,000. The following table, displayed by the NOAA initiative structure, summarizes the FY 1995 FTE and Administrative savings.

FY 1995 Budget Structure: Comparison by Strategic Plan Initiative	FTE Reductions FTE	FTE Reductions Amount	Administrative Reduction Amount
Advance Short–Term Forecast & Warning Services			
Short–Term Base Funding	*(12)*	*(600)*	*(2,598)*
Complete NWS Modernization	*0*	*0*	*(3,142)*
Satellite Continuity	*0*	*(2)*	*(367)*
Enhance Observation & Prediction	*(8)*	*(399)*	*(233)*
Improve Application & Dissemination	*0*	*0*	*0*
Subtotal obligations	(20)	(1,001)	(6,340)
Build Sustainable U.S. Fisheries			
Assessing the Status of Fishery Resources	*(131)*	*(1,655)*	*(530)*
Advancing Fishery Prediction	*0*	*(50)*	*(33)*
Managing for Economic Growth	*(40)*	*(457)*	*(153)*
Ensuring Adequate Compliance	*(3)*	*(187)*	*(26)*
Reducing Bycatch	*0*	*(14)*	*(7)*
Aquaculture	*(1)*	*(1)*	*0*
UNCED Activities (Fisheries Related)			
Subtotal obligations	(175)	(2,364)	(749)
Fleet Replacement & Modernization			
Fisheries	*0*	*0*	*(7)*
Subtotal obligations	0	0	(7)
Recovering Protected Species			
Reduce Marine Mammal/Fishery Interactions	*0*	*(17)*	*(29)*
Assess the Status of Protected Species	*(32)*	*(92)*	*(78)*
Implement Recovery/Conservation Plans	*0*	*0*	*0*
Take a Proactive Approach/Prevent Listings	*0*	*0*	*0*
Subtotal obligations	(32)	(109)	(107)

FY 1995 Budget Structure: Comparison by Strategic Plan Initiative	FTE Reductions		Administrative Reduction
	FTE	Amount	Amount
Coastal Ecosystems Health			
Integrated Management Operations	*(14)*	*(249)*	*(65)*
Comprehensive Assessment & Synthesis	*(4)*	*(224)*	*(90)*
Expanded Ecosystem Monitoring	*(1)*	*(39)*	*(23)*
Improved Understanding	*(1)*	*(165)*	*(103)*
Increased Outreach	*0*	*(1)*	*0*
UNCED Activities (Coastal Related)			
Subtotal obligations	(20)	(678)	(281)
Environmental Compliance & Facilities Construction			
Facilities Repairs & Renovation	*0*	*0*	*0*
Environmental Compliance	*0*	*0*	*0*
New Construction	*0*	*0*	*0*
Subtotal	0	0	0
Education & Human Resources			
Human Resources			
Education	*0*	*(2)*	*(1)*
Subtotal obligations	0	(2)	(1)
Environmental Technology			
Implement Pilot Programs			
Marine Biotechnology	*0*	*(3)*	*(1)*
Subtotal obligations	0	(3)	(1)

FY 1995 Budget Structure: Comparison by Strategic Plan Initiative	FTE Reductions		Administrative Reduction
	FTE	Amount	Amount
Modernize Navigation & Positioning Services			
Navigation Data Products & Services	*(11)*	*(606)*	*(333)*
National Spatial Reference System	*(5)*	*(309)*	*(45)*
Subtotal obligations	(16)	(915)	(378)
Fleet Replacement & Modernization			
Hydrographic	*0*	*0*	*(3)*
Subtotal obligations	0	0	(3)
Implement Seasonal to Interannual Climate Forecasts			
Prediction Systems (Research & Operations)	*(1)*	*(74)*	*(64)*
TOGA Observing Systems	*(1)*	*0*	*0*
Other Observing & Data Systems	*0*	*0*	*(3)*
Other Observing & Data Systems (Data mgt.)	*(6)*	*(300)*	*(92)*
Process Research	*(1)*	*(95)*	*(90)*
Socio-Economics & Education			
Subtotal obligations	(9)	(469)	(249)
Predict and Assess Decadal-to-Centennial Change			
Climate & Global Change	*(9)*	*(200)*	*(194)*
Health of the Atmosphere	*0*	*(8)*	*(7)*
Insuring a Long-Term Climate Record	*0*	*(52)*	*(53)*
Research Instrumentation			
National Underseas Research Progam	*0*	*0*	*(1)*
Subtotal obligations	(9)	(260)	(255)
Fleet Replacement & Modernization			
Research	*0*	*0*	*(32)*
Subtotal obligations	0	0	(32)

FY 1995 Budget Structure:	FTE Reductions		Administrative Reduction
Comparison by Strategic Plan Initiative	FTE	Amount	Amount
Environmental Information			
Networking Connectivity	*0*	*(3)*	*(3)*
Advanced Computational System	*0*	*(2)*	*(2)*
Human Resources/Education			
Data Dissemination Pilots & Tools	*0*	*0*	*0*
DOC-Wide Environmental Information Disseminat.			
Government-Wide Environmental Information Dis:			
Subtotal obligations	0	(5)	(5)
Office of Administration	(21)	(1,064)	(482)
Total NOAA Obligations	**(302)**	**(6,870)**	**(8,890)**
Other offsetting collections	0	0	0
Recoveries	0	0	0
Carry-over funding	0	0	0
Total NOAA Budget Authority	**(302)**	**(6,870)**	**(8,890)**

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Advance Short-Term Forecast & Warning Services:											
Short-Term Base Funding	Pos./BA	4,801	451,525	4,698	431,506	4,698	452,222	4,571	438,958	(127)	(13,264)
	FTE/Obl.	4,553	372,123	4,522	447,369	4,522		4,400		(122)	
Complete NWS Modernization	Pos./BA	1,557	342,813	953	451,229	953	454,029	1,139	437,400	186	(16,629)
	FTE/Obl.	1,477	397,695	918	458,118	918		1,097		179	
Satellite Continuity	Pos./BA	3	159,116	2	139,162	2	139,166	2	159,241	0	20,075
	FTE/Obl.	3	136,409	2	139,203	2		2		0	
Enhance Observation & Prediction	Pos./BA	476	57,523	494	78,184	494	59,560	486	54,985	(8)	(4,575)
	FTE/Obl.	451	54,088	476	82,335	476		468		(8)	
Improve Application & Dissemination	Pos./BA	0	735	0	761	0	774	0	774	0	0
	FTE/Obl.	0	736	0	776	0		0		0	
Subtotal, Advance Short-Term Forecast & Warning Services:	Pos./BA	6,837	1,011,712	6,147	1,100,842	6,147	1,105,751	6,198	1,091,358	51	(14,393)
	FTE/Obl.	6,484	961,051	5,918	1,127,801	5,918		5,967		49	
Build Sustainable U.S. Fisheries:											
Assessing the Status of Fishery Resources	Pos./BA	1,502	163,575	1,534	135,494	1,534	139,678	1,451	155,422	(83)	15,744
	FTE/Obl.	1,424	134,647	1,476	142,195	1,476		1,395		(81)	
Advancing Fishery Prediction	Pos./BA	105	11,866	6	11,688	6	11,911	9	12,745	3	834
	FTE/Obl.	100	11,662	6	11,902	6		9		3	

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Managing for Economic Growth	Pos./BA	367	87,992	382	64,562	382	55,008	393	62,381	11	7,373
	FTE/Obl.	355	59,808	368	73,254	368		378		10	
Ensuring Adequate Compliance	Pos./BA	152	11,163	143	12,000	143	12,494	168	16,886	25	4,392
	FTE/Obl.	144	11,163	138	12,000	138		162		24	
Reducing Bycatch	Pos./BA	46	4,016	17	6,157	17	6,236	17	5,515	0	(721)
	FTE/Obl.	44	5,949	16	6,325	16		16		0	
Aquaculture	Pos./BA	112	2,113	27	16,313	27	16,351	28	5,849	1	(10,502)
	FTE/Obl.	107	17,521	26	16,886	26		27		1	
UNCED Activities (Fisheries Related)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Build Sustainable U.S. Fisheries:	Pos./BA	2,284	280,725	2,109	246,214	2,109	241,678	2,066	258,798	(43)	17,120
	FTE/Obl.	2,174	240,750	2,030	262,562	2,030		1,987		(43)	
Fleet Replacement & Modernization:											
Fisheries	Pos./BA	3	8,030	6	12,480	6	12,483	6	14,659	0	2,176
	FTE/Obl.	3	4,276	6	16,239	6		6		0	
Recovering Protected Species:											
Reduce Marine Mammal/Fishery Interactions	Pos./BA	70	5,562	53	5,137	53	5,179	56	7,154	3	1,975

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
	FTE/Obl.	67	5,060	51	5,328	51		54		3	
Assess the Status of Protected Species	Pos./BA	275	14,314	224	21,642	224	21,877	206	28,267	(18)	6,390
	FTE/Obl.	260	21,210	215	22,438	215		198		(17)	
Implement Recovery/Conservation Plans	Pos./BA	50	0	39	4,344	39	4,344	50	12,956	11	8,612
	FTE/Obl.	47	4,286	38	4,519	38		49		11	
Take a Proactive Approach/Prevent Listings	Pos./BA	0	0	0	0	0	0	2	2,200	2	2,200
	FTE/Obl.	0	0	0	0	0		2		2	
Subtotal, Recovering Protected Species:	Pos./BA	395	19,876	316	31,123	316	31,400	314	50,577	(2)	19,177
	FTE/Obl.	374	30,556	304	32,285	304		303		(1)	
Coastal Ecosystems Health:											
Integrated Management Operations	Pos./BA	261	60,908	210	68,454	210	69,032	206	71,420	(4)	2,388
	FTE/Obl.	248	61,702	202	71,610	202		198		(4)	
Comprehensive Assessment & Synthesis	Pos./BA	341	48,642	163	42,148	163	33,953	159	33,285	(4)	(668)
	FTE/Obl.	323	43,860	157	59,985	157		153		(4)	
Expanded Ecosystem Monitoring	Pos./BA	72	4,999	61	4,952	61	5,060	60	4,998	(1)	(62)
	FTE/Obl.	69	4,902	59	5,049	59		58		(1)	
Improved Understanding	Pos./BA	410	58,635	359	66,944	359	67,193	358	56,781	(1)	(10,412)
	FTE/Obl.	391	64,439	344	68,832	344		343		(1)	

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Increased Outreach	Pos./BA	2	2,480	1	2,521	1	2,565	1	1,364	0	(1,201)
	FTE/Obl.	2	2,483	1	2,572	1		1		0	
UNCED Activities (Coastal Related)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Coastal Ecosystems Health:	Pos./BA	1,086	175,664	794	185,019	794	177,803	784	167,848	(10)	(9,955)
	FTE/Obl.	1,033	177,386	763	208,048	763		753		(10)	
Environmental Compliance & Facilities Construction:											
Facilities Repairs & Renovation	Pos./BA	25	16,140	4	14,362	4	14,362	4	7,479	0	(6,883)
	FTE/Obl.	26	40,739	4	29,939	4		4		0	
Environmental Compliance	Pos./BA	0	3,896	1	4,000	1	4,000	1	6,000	0	2,000
	FTE/Obl.	0	0	1	4,000	1		1		0	
New Construction	Pos./BA	0	28,140	0	28,557	0	28,557	0	4,421	0	(24,136)
	FTE/Obl.	0	0	0	28,557	0		0		0	
Subtotal, Environmental Compliance & Facilities Construction:	Pos./BA	25	48,176	5	46,919	5	46,919	5	17,900	0	(29,019)
	FTE/Obl.	26	40,739	5	62,496	5		5		0	
Education & Human Resources:											
Human Resources	Pos./BA	0	0	0	0	0	0	0	0	0	0

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
	FTE/Obl.	0	0	0	0	0		0		0	
Education	Pos./BA	5	4,366	3	4,467	3	4,548	11	11,355	8	6,807
	FTE/Obl.	5	4,370	3	4,554	3		11		8	
Subtotal, Education and Human Resources:	Pos./BA	5	4,366	3	4,467	3	4,548	11	11,355	8	6,807
	FTE/Obl.	5	4,370	3	4,554	3		11		8	
Environmental Technology:											
Implement Pilot Programs	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Marine Biotechnology	Pos./BA	71	8,990	31	14,623	31	14,778	31	14,474	0	(304)
	FTE/Obl.	68	14,350	30	15,026	30		30		0	
Subtotal, Environmental Technology:	Pos./BA	71	8,990	31	14,623	31	14,778	31	14,474	0	(304)
	FTE/Obl.	68	14,350	30	15,026	30	0	30	0	0	0
Modernize Navigation & Positioning Services:											
Navigation Data Products & Services	Pos./BA	689	60,755	585	56,674	585	58,416	574	57,072	(11)	(1,344)
	FTE/Obl.	654	59,746	563	58,327	563		552		(11)	
National Spatial Reference System	Pos./BA	250	19,839	172	19,654	172	20,376	167	19,332	(5)	(1,044)
	FTE/Obl.	237	21,239	166	19,654	166		161		(5)	

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Subtotal, Modernize Navigation & Positioning Services:	Pos./BA	939	80,594	757	76,328	757	78,792	741	76,404	(16)	(2,388)
	FTE/Obl.	891	80,985	729	77,981	729		713		(16)	
Fleet Replacement & Modernization:											
Hydrographic	Pos./BA	1	3,965	6	6,142	6	6,143	6	797	0	(5,346)
	FTE/Obl.	1	2,112	6	7,998	6		6		0	
Implement Seasonal to Interannual Climate Forecasts:											
Prediction Systems (Research & Operations)	Pos./BA	163	14,484	97	15,347	97	15,701	96	21,360	(1)	5,659
	FTE/Obl.	154	17,300	94	15,657	94		93		(1)	
TOGA Observing Systems	Pos./BA	0	0	1	0	1	0	0	2,000	(1)	2,000
	FTE/Obl.	0	0	1	0	1		0		(1)	
Other Observing & Data Systems	Pos./BA	16	4,089	5	4,700	5	4,706	5	4,703	0	(3)
	FTE/Obl.	15	4,010	5	4,778	5		5		0	
Other Observing & Data Systems (Data mgt.)	Pos./BA	320	24,353	323	27,600	323	28,221	317	30,273	(6)	2,052
	FTE/Obl.	304	23,910	311	28,043	311		305		(6)	
Process Research	Pos./BA	223	25,158	148	42,375	148	31,712	147	36,112	(1)	4,400
	FTE/Obl.	211	24,767	143	42,767	143		142		(1)	

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Comparison by element/subelement, with subtotals by element:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Socio-Economics & Education	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Implement Seasonal to Interannual	Pos./BA	722	68,084	574	90,022	574	80,340	565	94,448	(9)	14,108
Climate Forecasts:	FTE/Obl.	684	69,987	554	91,245	554		545		(9)	
Predict and Assess Decadal-to-Centennial Change											
Climate & Global Change	Pos./BA	459	66,347	387	88,772	387	79,393	377	78,055	(10)	(1,338)
	FTE/Obl.	435	65,236	372	89,636	372		363		(9)	
Health of the Atmosphere	Pos./BA	14	1,277	0	1,376	0	1,453	5	3,938	5	2,485
	FTE/Obl.	13	1,277	0	1,376	0		5		5	
Insuring a Long-Term Climate Record	Pos./BA	139	3,906	66	11,932	66	12,248	66	12,143	0	(105)
	FTE/Obl.	131	10,561	64	12,343	64		64		0	
Research Instrumentation	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
National Underseas Research Progam	Pos./BA	1	1,961	8	1,908	8	1,909	0	0	(8)	(1,909)
	FTE/Obl.	1	1,837	8	1,957	8		0		(8)	

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Subtotal, Predict and Assess Decadal-to Centennial Change	Pos./BA	613	73,491	461	103,988	461	95,003	448	94,136	(13)	(867)
	FTE/Obl.	580	78,911	444	105,312	444		432		(12)	
Fleet Replacement & Modernization:											
Research	Pos./BA	12	37,573	4	58,442	4	58,456	4	7,584	0	(50,872)
	FTE/Obl.	12	20,009	4	76,029	4		4		0	
Environmental Information:											
Networking Connectivity	Pos./BA	5	526	0	550	0	582	0	8,326	0	7,744
	FTE/Obl.	5	526	0	550	0		0		0	
Advanced Computational System	Pos./BA	4	401	0	450	0	474	0	6,670	0	6,196
	FTE/Obl.	4	401	0	450	0		0		0	
Human Resources/Education	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Data Dissemination Pilots & Tools	Pos./BA	0	0	0	0	0	0	0	502	0	502
	FTE/Obl.	0	0	0	0	0		0		0	
DOC-Wide Environmental Information Dissemination	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Government-Wide Environmental Information Dissemination	Pos./BA	0	0	0	0	0	0	0	0	0	0

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Environmental Information:	Pos./BA	9	927	0	1,000	0	1,056	0	15,498	0	14,442
	FTE/Obl.	9	927	0	1,000	0		0		0	
Office of Administration	Pos./BA	129	71,029	1,333	70,706	1,345	72,450	1,323	72,356	(22)	(94)
	FTE/Obl.	122	70,260	1,283	70,706	1,295		1,274		(21)	
Direct Obligations	Pos./Req.	13,131	1,893,202	12,546	2,048,315	12,558	2,027,600	12,502	1,988,192	(56)	(39,408)
	FTE/Obl.	12,466	1,796,669	12,079	2,159,282	12,091		12,036		(55)	

The first line for each entry represents permanent positions and budget authority; the second line reflects full-time equivalent employment and obligations. The second line contains data only when amounts are different from the permanent position and budget authority amounts.

Department of Commerce
National Oceanic and Atmospheric Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Comparison by element/subelement, with subtotals by element:	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Adjustment to Obligations										
Recoveries				(46,682)				(24,300)		
Unobligated Balance, start of year.										
Unobligated Balance, end of year										
Budget Authority	Pos./BA 13,131 FTE/Obl. 12,466	1,893,202	12,546 12,079	2,001,633			12,502 12,036	1,963,892		
Financing from proposed transfers: From "Promote and develop fishery products and research pertaining to American fisheries"		(55,000)		(54,800)				(55,500)		
Fleet Moderization		(1,500)		0				0		
Construction		(3,875)		0				0		
Economic Development Administration(EDA)		(4,012)		0				0		
National Institute of Science and Technalogy(NIST)		(2,000)		0				0		
Damage Assessment		(7,586)		(29,796)				(8,500)		
Appropriation (general fund)		1,819,229		1,917,037				1,899,892		

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Authority	FTE	Obligations
	Amount available for FY 1994 as shown in 1995 President's Budget	12,515	1,779,349	12,048	1,802,339
NOAA-47	plus: 1995 Adjustments to base	12	17,443	12	17,443
	plus: Adjustment of prior year recoveries		7,990		
	1995 Base	12,527	1,804,782	12,060	1,819,782
	less: Administrative savings		(8,831)		(8,831)
	less: FTE reduction	(304)	(6,870)	(302)	(6,870)
	less: Trade-offs	(114)	(31,446)	(110)	(31,446)
	Plus: Program changes	362	139,448	357	139,448
	1995 Estimate	12,471	1,897,083	12,005	1,912,083

Page No.	Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-101	Advance Short-Term Forecast & Warning Services:											
	Short-Term Base Funding	Pos./BA	4,801	451,525	4,698	431,506	4,698	452,222	4,571	438,958	(127)	(13,264)
		FTE/Obl.	4,553	372,123	4,522	447,369	4,522		4,400		(122)	
	Complete NWS Modernization	Pos./BA	1,557	264,220	953	388,445	953	388,445	1,139	419,103	186	30,658
		FTE/Obl.	1,477	329,924	918	395,334	918		1,097		179	
	Satellite Continuity	Pos./BA	3	159,116	2	139,162	2	139,166	2	159,241	0	20,075
		FTE/Obl.	3	136,409	2	139,203	2		2		0	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Enhance Observation & Prediction	Pos./BA	476	57,523	494	57,184	494	59,560	486	54,985	(8)	(4,575)
	FTE/Obl.	451	54,088	476	61,335	476		468		(8)	
Improve Application & Dissemination	Pos./BA	0	735	0	761	0	774	0	774	0	0
	FTE/Obl.	0	736	0	776	0		0		0	
Subtotal, Advance Short-Term Forecast & Warning Services	Pos./BA	6,837	933,119	6,147	1,017,058	6,147	1,040,167	6,198	1,073,061	51	32,894
	FTE/Obl.	6,484	893,280	5,918	1,044,017	5,918		5,967		49	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-127 Build Sustainable U.S. Fisheries											
Assessing the Status of Fishery Resources	Pos./BA	1,502	163,575	1,534	135,494	1,534	139,678	1,451	155,422	(83)	15,744
	FTE/Obl.	1,424	134,647	1,476	142,195	1,476		1,395		(81)	
Advancing Fishery Prediction	Pos./BA	105	11,866	6	11,688	6	11,911	9	12,745	3	834
	FTE/Obl.	100	11,662	6	11,902	6		9		3	
Managing for Economic Growth	Pos./BA	357	64,293	372	43,537	372	44,575	383	53,309	11	8,734
	FTE/Obl.	338	46,722	358	45,962	358		368		10	
● Ensuring Adequate Compliance	Pos./BA	152	11,163	143	12,000	143	12,494	168	16,886	25	4,392
	FTE/Obl.	144	11,163	138	12,000	138		162		24	
Reducing Bycatch	Pos./BA	46	4,016	17	6,157	17	6,236	17	5,515	0	(721)
	FTE/Obl.	44	5,949	16	6,325	16		16		0	
Aquaculture	Pos./BA	112	2,113	27	16,313	27	16,351	28	5,849	1	(10,502)
	FTE/Obl.	107	17,521	26	16,886	26		27		1	
UNCED Activities (Fisheries Related)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Build Sustainable U.S. Fisheries	Pos./BA	2,274	257,026	2,099	225,189	2,099	231,245	2,056	249,726	(43)	18,481
	FTE/Obl.	2,157	227,664	2,020	235,270	2,020		1,977		(43)	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-163 Recovering Protected Species											
Reduce Marine Mammal/Fishery Interactions	Pos./BA	70	5,562	53	5,137	53	5,179	56	7,154	3	1,975
	FTE/Obl.	67	5,060	51	5,328	51		54		3	
Assess the Status of Protected Species	Pos./BA	275	14,314	224	21,642	224	21,877	206	28,267	(18)	6,390
	FTE/Obl.	260	21,210	215	22,438	215		198		(17)	
Implement Recovery/Conservation Plans	Pos./BA	50	0	39	4,344	39	4,344	50	12,956	11	8,612
	FTE/Obl.	47	4,286	38	4,519	38		49		11	
Take a Proactive Approach/Prevent Listings	Pos./BA	0	0	0	0	0	0	2	2,200	2	2,200
	FTE/Obl.	0	0	0	0	0		2		2	
Subtotal, Recovering Protected Species	Pos./BA	395	19,876	316	31,123	316	31,400	314	50,577	(2)	19,177
	FTE/Obl.	374	30,556	304	32,285	304		303		(1)	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-183 Coastal Ecosystems Health											
Integrated Management Operations	Pos./BA	261	60,908	210	68,454	210	69,032	206	71,420	(4)	2,388
	FTE/Obl.	248	61,702	202	71,610	202		198		(4)	
Comprehensive Assessment & Synthesis	Pos./BA	341	40,275	163	46,964	163	26,153	159	25,485	(4)	(668)
	FTE/Obl.	323	36,060	157	51,618	157		153		(4)	
Expanded Ecosystem Monitoring	Pos./BA	72	4,999	61	4,952	61	5,060	60	4,998	(1)	(62)
	FTE/Obl.	69	4,902	59	5,049	59		58		(1)	
Improved Understanding	Pos./BA	410	58,635	359	66,944	359	67,193	358	56,781	(1)	(10,412)
	FTE/Obl.	391	64,439	344	68,832	344		343		(1)	
Increased Outreach	Pos./BA	2	2,480	1	2,521	1	2,565	1	1,364	0	(1,201)
	FTE/Obl.	2	2,483	1	2,572	1		1		0	
UNCED Activities (Coastal Related)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Coastal Ecosystems Health	Pos./BA	1,086	167,297	794	189,835	794	170,003	784	160,048	(10)	(9,955)
	FTE/Obl.	1,033	169,586	763	199,681	763		753		(10)	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-213 Education & Human Resources											
Human Resources	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Education	Pos./BA	5	4,366	3	4,467	3	4,548	11	11,355	8	6,807
	FTE/Obl.	5	4,370	3	4,554	3		11		8	
Subtotal, Education & Human Resources	Pos./BA	5	4,366	3	4,467	3	4,548	11	11,355	8	6,807
	FTE/Obl.	5	4,370	3	4,554	3		11		8	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:			1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-227	Environmental Technology											
	Implement Pilot Programs	Pos./BA	0	0	0	0	0	0	0	0	0	0
		FTE/Obl.	0	0	0	0	0		0		0	
	Marine Biotechnology	Pos./BA	71	8,990	31	14,623	31	14,778	31	14,474	0	(304)
		FTE/Obl.	68	14,350	30	15,026	30		30		0	
	Subtotal, Environmental Technology	Pos./BA	71	8,990	31	14,623	31	14,778	31	14,474	0	(304)
		FTE/Obl.	68	14,350	30	15,026	30	0	30	0	0	0

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-235 Modernize Navigation & Positioning Services											
Navigation Data Products & Services	Pos./BA	689	60,755	585	56,674	585	58,416	574	57,072	(11)	(1,344)
	FTE/Obl.	654	59,746	563	58,327	563		552		(11)	
National Spatial Reference System	Pos./BA	250	19,839	172	19,654	172	20,376	167	19,332	(5)	(1,044)
	FTE/Obl.	237	21,239	166	19,654	166		161		(5)	
Subtotal, Modernize Navigation & Positioning Services	Pos./BA	939	80,594	757	76,328	757	78,792	741	76,404	(16)	(2,388)
	FTE/Obl.	891	80,985	729	77,981	729		713		(16)	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:			1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-255	Implement Seasonal to Interannual Climate Forecasts											
	Prediction Systems (Research & Operations)	Pos./BA	163	14,484	97	15,347	97	15,701	96	21,360	(1)	5,659
		FTE/Obl.	154	17,300	94	15,657	94		93		(1)	
	TOGA Observing Systems	Pos./BA	0	0	1	0	1	0	0	2,000	(1)	2,000
		FTE/Obl.	0	0	1	0	1		0		(1)	
	Other Observing & Data Systems	Pos./BA	16	4,089	5	4,700	5	4,706	5	4,703	0	(3)
		FTE/Obl.	15	4,010	5	4,778	5		5		0	
	Other Observing & Data Systems (Data mgt.)	Pos./BA	320	24,353	323	27,600	323	28,221	317	30,273	(6)	2,052
		FTE/Obl.	304	23,910	311	28,043	311		305		(6)	
	Process Research	Pos./BA	223	25,158	148	31,375	148	31,712	147	36,112	(1)	4,400
		FTE/Obl.	211	24,767	143	31,767	143		142		(1)	
	Socio-Economics & Education	Pos./BA	0	0	0	0	0	0	0	0	0	0
		FTE/Obl.	0	0	0	0	0		0		0	
	Subtotal, Implement Seasonal to Interannual Climate Forecasts	Pos./BA	722	68,084	574	79,022	574	80,340	565	94,448	(9)	14,108
		FTE/Obl.	684	69,987	554	80,245	554		545		(9)	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-275 Predict and Assess Decadal-to-Centennial Change											
Climate & Global Change	Pos./BA	459	66,347	387	77,772	387	79,393	377	78,055	(10)	(1,338)
	FTE/Obl.	435	65,236	372	78,636	372		363		(9)	
Health of the Atmosphere	Pos./BA	14	1,277	0	1,376	0	1,453	5	3,938	5	2,485
	FTE/Obl.	13	1,277	0	1,376	0		5		5	
Insuring a Long-Term Climate Record	Pos./BA	139	3,906	66	11,932	66	12,248	66	12,143	0	(105)
	FTE/Obl.	131	10,561	64	12,343	64		64		0	
Research Instrumentation	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
National Underseas Research Program	Pos./BA	1	1,961	8	1,908	8	1,909	0	0	(8)	(1,909)
	FTE/Obl.	1	1,837	8	1,957	8		0		(8)	
Subtotal, Predict and Assess Decadal-to Centennial Change	Pos./BA	613	73,491	461	92,988	461	95,003	448	94,136	(13)	(867)
	FTE/Obl.	580	78,911	444	94,312	444		432		(12)	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:			1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-307	Environmental Information											
	Networking Connectivity	Pos./BA	5	526	0	550	0	582	0	8,326	0	7,744
		FTE/Obl.	5	526	0	550	0		0		0	
	Advanced Computational System	Pos./BA	4	401	0	450	0	474	0	6,670	0	6,196
		FTE/Obl.	4	401	0	450	0		0		0	
	Human Resources/Education	Pos./BA	0	0	0	0	0	0	0	0	0	0
		FTE/Obl.	0	0	0	0	0		0		0	
	Data Dissemination Pilots & Tools	Pos./BA	0	0	0	0	0	0	0	502	0	502
		FTE/Obl.	0	0	0	0	0		0		0	
	DOC-Wide Environmental Information Dissemination	Pos./BA	0	0	0	0	0	0	0	0	0	0
		FTE/Obl.	0	0	0	0	0		0		0	
	Government-Wide Environmental Information Dissemination	Pos./BA	0	0	0	0	0	0	0	0	0	0
		FTE/Obl.	0	0	0	0	0		0		0	
	Subtotal, Environmental Information	Pos./BA	9	927	0	1,000	0	1,056	0	15,498	0	14,442
		FTE/Obl.	9	927	0	1,000	0		0		0	

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:			1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NOAA-317	Office of Administration	Pos./BA	129	71,029	1,333	70,706	1,345	72,450	1,323	72,356	(22)	(94)
		FTE/Obl.	122	70,260	1,283	70,706	1,295		1,274		(21)	
	Direct Obligations	Pos./Req.	13,100	1,686,761	12,515	1,802,339	12,527	1,819,782	12,471	1,912,083	(56)	92,301
		FTE/Obl.	12,426	1,642,663	12,048	1,855,252	12,060		12,005		(55)	

The first line for each entry represents permanent positions and budget authority; the second line reflects full-time equivalent employment and obligations. The second line contains data only when amounts are different from the permanent position and budget authority amounts.

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities

SUMMARY OF RESOURCE REQUIREMENTS

(Dollar amounts in thousands)

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Comparison by activity/subactivity, with subtotals by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Adjustment to Obligations:											
Recoveries			(12,203)		(22,990)				(15,000)		
Unobligated Balance, start of year.			(75,613)								
Unobligated Balance, end of year											
Budget Authority	Pos./BA	13,100	1,598,945	12,515	1,779,349			12,471	1,897,083		
	FTE/Obl.	12,426		12,048				12,005			
Financing from proposed transfers:											
From "Promote and develop fishery products and research pertaining to American fisheries"			(55,000)		(54,800)				(55,500)		
Fleet Modernization			(1,500)		0				0		
Construction			(3,875)		0				0		
Economic Development Administration(EDA)			(4,012)		0				0		
National Institute of Science and Technology(NIST)			(2,000)		0				0		
Damage Assessment and Restoration Revolving Fund			(7,586)		(29,796)				(8,500)		
Appropriation (general fund)			1,524,972		1,694,753				1,833,083		

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) Over 1995 Base
Total Obligations	1,951,017	2,223,484	2,188,014	2,228,318	40,304
Offsetting collections from:					
Federal funds	(273,163)	(331,427)	(331,427)	(280,626)	50,801
Non-Federal sources	(35,191)	(36,805)	(36,805)	(35,609)	1,196
Recoveries	(21,018)	(22,990)	(15,000)	(15,000)	0
Unobligated balance, start of year	(75,613)	(52,913)	0	0	0
Unobligated balance, end of year	52,913	0	0	0	0
Budget Authority	1,598,945	1,779,349	1,804,782	1,897,083	92,301
Financing:					
Transfer from other accounts:					
From "Promote and Develop Fishery Products and Research Pertaining to American Fisheries"	(55,000)	(54,800)	(54,800)	(55,500)	(700)
From "Fleet Modernization"	(1,500)	0	0	0	0
From "Construction"	(3,875)	0	0	0	0
Transfer from EDA	(4,012)				
Transfer from NIST	(2,000)				
From "Damage Assessment and Restoration Revolving Fund"	(7,586)	(29,796)	(8,500)	(8,500)	0
Appropriation	1,524,972	1,694,753	1,741,482	1,833,083	91,601

Exhibit 8

National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Transfers		
From ORF to Construction		(2,800)
To WCF	(7)	
From WCF	5	
To NITA GOES-3		(65)
To NOAA Corps Retirement Benefits account		
Additional Transfer		
Adjustment transfer from DARRF to ORF		(21,296)
Adjustment		
Deobligations		7,990
Other Changes		
Longevity increase for Commissioned Officers		140
1995 Pay raise		8,690
Within-grade step increases		6,237
Locality Pay		14,250
One less compensable day		(2,511)
Variable housing allowance		126
Overtime		63
Sunday differential		681
Federal Insurance Contribution Act (FICA)–OASDI		933
Civil Service Retirement System (CSRS)		(1,287)
Health insurance premiums		2,932
Federal Employees Retirement System (FERS)		2,248
Thrift Savings Plan		354
Travel:		
Per diem		481
Common Carrier		993
Transportation of things		1
Rental payments to GSA		581
Rental payments to others		418
Communications, utilities and miscellaneous charges:		
Postage		13
Utilities		45
Rental of office copying equipment		3
Lease of ADP equipment		
Telecommunications–leased		131
Toll calls		43
Printing and reproduction		329
Other services:		
Working Capital Fund		219
Employees Compensation Fund		823

Audit Costs	14	964
Other services		1,370
Supplies and materials		893
Equipment		301
Grants, subsidies and contributions		1,140
Subtotal, adjustments	14	41,604
Total, adjustments to base	12	25,433

Exhibit 9

National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
JUSTIFICATION OF ADJUSTMENTS TO BASE

			FTE	Amount
Transfer				(2,800,000)
	Transfer base funds from Central Administrative Support to the Construction appropriation.	(2,800,000)		
	Transfer of 3 FTE's to Working Capital Fund for legal support.		(7)	
	From Working Capital Fund 5 FTE's are transfered from Administrative law judge functions.		5	
	The transfer of $65,000 is provided to NTIA to reimburse NOAA for Peacesat purposes only.			(65,000)
Adjustments				
	Adjustment of transfer from DARRF to ORF			(21,296,000)
	Adjust Recoveries from prior year obligations for 1995 to $15,000,000.			7,990,000
Other Changes **Personnel Compensation Related Costs**				27,675,960
	This ATB represents gross compensation for personal services rendered to the Government.			
1111	Longevity increase for Commissioned Officers Title 37, United States Code, establishes pay and allowances for members of the uniformed services. Under provisions of 37 USC 205, NOAA Commissioned Officers are granted longevity increases similar to civilian within grade step increases. Large increases are based on the Officer's grade and years of service.	140,000		

				FTE	Amount
1112	General Schedule, General Merit and SES salaries		8,690,000		
	1995 pay increase and related costs				
	A general pay raise of 1.6% is assumed to be effective January 1, 1995.				
	Annual cost of the January 1995 pay increase	11,587,000			
	Less amount absorbed in FY 1995	0			
	Less amount for period October 1994 – December 1994.	(2,972,000)			
	Payment to Working Capital fund	75,000			
	Total, adjustment for 1995 pay increase	8,690,000			
	Within Grade Increases		6,237,000		
	The estimate for the cost of within grade increases reflects the net cost of step increases including merit pay increases which will be earned in FY 1995.				
	Estimated number of within grade step increases	8,311			
	Step increases not earned due to turnover (14.1%)	1,172			
	Average step above step 1 per separation	3			
	Average cost per within grade step increase	1,166			
	Gross cost of scheduled step increases	9,690,626			
	Less savings due to separations	(4,199,656)			
	Subtotal, personnel compensation	5,490,970			
	Benefits	746,412			
	Total adjustment to base	6,237,382			
	1994 Localiy pay raise		14,250,000		
	A locality pay raise was implemented in January 1994.				
	Total cost in 1995 of 1994 locality pay raise....................	19,358,000			
	Less amount absorbed........................	5,108,000			
	Amount requested in 1995 to provide full-year cost of				
	Total adjustment for 1994 locality pay raise................	14,250,000			

FTE Amount

Compensable Days (2,511,000)

A decrease is requested due to one less compensable day in 1995 compared to 1994. The amount is calculated by dividing the 1994 estimated personnel compensation and applicable benefits by the number of paid days in 1994 and multiplying by the number of paid days in 1995.

1994 Compensation	572,745,000
1994 Benefits	82,585,000
Subtotal	655,330,000
Number of paid days in 1994	261
ATB	(2,510,843)

1117 Variable Housing Allowance 126,000

Title 37, United States Code, establishes pay and allowances for members of the uniformed services. Under provisions of 37 USC 403a, NOAA Commissioned Officers are entitled to a variable housing allowance when ever assigned to duty in an area of the United States which is a high housing cost area.

1151 Overtime 63,000

Premium Pay

The cost of NMFS law enforcement officer premium pay authorized under P.L.101-509 will increase due to the increase in base salaries.

1156 Sunday Differential 680,960

The ATB represents the cost of implementing a court decision that entitles those who normally work on Sunday to receive Sunday premium pay for hours which were not worked due to sick or annual leave.

Personnel Benefits 6,003,000

1213 Employees Compensation Fund 822,570

The Employee's Compensation Fund Bill for the year ending June 30, 1993 is $822,570 higher than the bill for the year ending June 30, 1992. The changes will be reimbursed to the Department of Labor pursant to 5 U.S.C. 8147.

FTE Amount

1230 Old Age, Survivors, and Disability Insurance (OASDI) 933,000

As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. The OASDI tax rate will remain 6.2% in 1995.

Regular:
1995 $554,167,000 x .391 x .9850 x .062..........13,232,595
1994 $554,167,000 x .357 x .9850 x .062..........12,269,368
Subtotal..........963,227

Other Salaries:
1995 $37,933,000 x .9850 x .062..........2,316,568
1994 $37,933,000 x .9850 x .062..........2,347,142
Subtotal..........–30,574

Total adjustment-to-base..........932,653

1231 Civil Service Retirement System (CSRS) (1,287,000)

The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 64.3% in 1994 to 60.9% in 1995 for regular employees and from 66.1% in 1994 to 60.9% in 1995 for law enforcement empployees. Contribution rates will remain the same.

Regular:
1995 $531,371,000 x .6090 x .07.......... 22,652,236
1994 $531,371,000 x .6430 x .07 23,917,009
Subtotal..........–1,264,683

Law Enforcement:
1995 $5,735,000 x .6090 x .075..........261,946
1994 $5,735,000 x .6610 x .075..........284,312
Subtotal..........–22,366

Total adjustment-to-base..........–1,287,049

		FTE	Amount
1232	Health Insurance Premium		2,932,000

This ATB represents an increase in the estimated contribution to Health Care Premiums. Employer's health care costs have increased by 9.1% on the average for health plans.

1994 Congressional estimate for health benefits.	32,220,000
Increase	9.10%
ATB	2,932,020

		FTE	Amount
1236	Federal Employees Retirement		2,248,000

The number of employees covered by FERS continues to raise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 35.7% in 1994 to 39.1% in 1995 for regular employees. The estimated percentage of payroll for law enforcement employees covered by FERS will increase from 35.7% in 1994 to 35.9% in 1995. The contribution rate for regular employees will remain the same in 1994 and in 1995.

Regular:
1995 $531,371,000 x .3910 x .129.........26,801,822
1994 $531,371,000 x .3570 x .129.........24,471,229
Subtotal.........2,330,593

Law Enforcement:
1995 $5,735,000 x .359 x .2730.........562,070
1994 $5,735,000 x .357 x .2730.........558,939
Subtotal.........3,131

Total adjustment-to-base.........2,333,724

FTE Amount

1238 Thrift Savings Plan (TSP) 354,000

An increase is estimated for the contribution to the Thrift Savings Plan. The cost of agency contributions to the TSP will rise as FERS participation increases. The contribution rate remains constant.

Retirement Payroll:
1995 $555,354,000 x .3910 x .02....4,342,868
1994 $555,354,000 x .3579 x .02....3,988,552
Subtotal....367,644

Total adjustment-to-base....354,316

Travel and Transportation of Persons 1,474,000

2130 Per Diem Related to Domestic Administrative Travel 481,000

This ATB reflects the increased costs of per diem for NOAA employees, based on analysis of the average per diem rate which increased by 6.42%. 481,000

2133 Common Carrier Transportation 993,000

This ATB reflects the increased costs of common carrier airfares, based on analysis of the average common carrier airfare rate which increased by 6.04%. 993,000

Travel and Transportation of Things 1,000

2213 All Other Transportation of Things 693

This ATB reflects the annual increase of scheduled courier service. 693

	FTE	Amount
Communications, Utilities, and Other Miscellaneous Charges		
Rent, Communication, and Utilities		1,234,367

Space rental charges assessed by the General Services Administration and other rental of space and related services. Also includes charges for communications and utility services. Excludes charges for rental of transportation equipment, which are classified under object class 21XX or 22XX.

2319 Rental Payments to GSA 581,000

This increase reflects the net which is associated with the GSA space rent ATB in 1994, which includes the $980,392 for a one time payment to cover anticipated costs for moving into the NOAA Silver Spring complex. 581,000

2320 Rental Payments to Others 132,629

ATB is requested to fund increased costs of rental space.

NOAA	Increased rental space from NIST	13,409
NMFS	Occupancy rate at Stennis Space Center	2,521
NMFS	Office space Creole LA area	3,000
OAR	Increase in rental agreement	30,336
NWS	Increased cost NASA space	22,438
NWS	Increased costs NASA shop space	12,333
NWS	Increased costs NASA warehouse space	979
NWS	Increased costs for space National Apt	256
NWS	Space rental costs BWI Airport	1,557
NWS	Space Abilene Airport	410
NWS	Space Brownsville Airport TX	4,354
NWS	Space Intnl Airport Corpus Christi TX	6,731
NWS	Storage space Fort Gillem Ga	4,548
NWS	Roof space Miami Intl Airport FL	384
NWS	Office space Savannah Intl Airport GA	224
NWS	Tower space Big Spring TX	2,844

				FTE	Amount
NWS	Tower space Denison TX	300			
NWS	Roof space Galveston RX	66			
NWS	Space and tower Lawton OK	240			
NWS	Tower Space Lufkin TX	1,800			
NWS	Tower space Midland TX	300			
NWS	Tower space Orlando FL	1,600			
NWS	Tower space Tulsa OK	600			
NWS	Tower space Wichita Falls TX	480			
NWS	Tower space Indiana	440			
NWS	Tower space Fulton MI	4,380			
NWS	Brazil, IN	600			
NWS	Office and ground space St Cloud MN	2,634			
NWS	Roof and ground space Duluth MN	7,154			
NWS	Office and storage space Scottsbluff NE	944			
NWS	Space Cheyenne Airport WY	2,219			
NWS	Tower space Marquette MI	540			
NWS	Tower space Painesdale MI	360			
NWS	Tower space Onondaga MI	300			
NWS	Increased costs for Qtrs Kodiak AK	600			
NWS	Increased costs water/sewage Kodiak AK	748			
2321	Lease Cost		280,000		
	This ATB is for increased lease maintenance costs at Sandy Hook Lab				
NMFS	Increase lease maintenance Sandy Hook	280,000			
2326	NWS Lease Costs		550		
	This ATB is for the increase in costs for ADP supplies including Magnetic Tape Cartridges and Software License.	550			
2328	Utilities—Phone and Electricity		5,277		
	This ATB request is for increased costs in monthly rate.	5,277			

			FTE	Amount
2330 Postage		13,117		
This ATB is for increase in UPS prices for the postage of the A/FDs, Alaska supplement and Pacific supplements	13,117			
2331 Utility Services		45,090		
This ATB represents the increase in costs for heat, light, power, water, gas, electricity and other utility services.				
NMFS Seattle, WA (2 ATB's)	1,942			
NMFS Miami, FL	1,377			
NMFS Panama City, FL	985			
NMFS Raleigh, NC	98			
NMFS Narragansett, RI	840			
NMFS Honolulu, HI	14,645			
NMFS San Diego, CA (3 ATB's)	3,741			
NMFS Gloucester, MA	1,030			
OAR Princeton, NJ	4,412			
NWS Columbus, GA (2 ATB's)	120			
NWS Albuquerque, NM	0			
NWS Apalachicola, FL	0			
NWS Daytona Beach, FL	0			
NWS Fort Worth, TX	0			
NWS El Paco, TX	0			
NWS Dickinson, TX	0			
NWS Jackson, MS	0			
NWS San Antonio, TX (2 ATB's)	0			
NWS Tupelo, MS	0			
NWS Slidell, LA (3 ATB's)	0			
NWS Jackson, MS	0			
NWS Stampede Pass, WA	0			
NESDIS Camp Springs, MD	15,900			

					FTE	Amount
2334	Rental of Office Copying Equipment			2,936		
	NMFS	Copier maintenance service increase	552			
	NMFS	Copier maintenance service increase, Model 5052, Beaufort, NC	99			
	NMFS	Copier maintenance service increase, Model 5065, Beaufort, NC	118			
	NMFS	Copier maintenance service increase, Model 3028, Santa Ana, CA	748			
	OAR	Copier maintenance service increase, Model 5052, Denver, CO	426			
	NWS	Copier lease increase, Model 5052, Fort Worth, TX	393			
	PS	Copier lease increase, OGC	600			
2338	Telecommunications–Leased			131,016		

This ATB represents charges for the lease of telecommunications services, circuits, systems, equipment, and maintenance.

NMFS	Increase cost of FTS Phonees	4,913
NMFS	Increase in monthly telephone service charges.	4,251
OAR	Increase in FTS rate to and from central telephone office.	4,400
NMFS	Increase in telephone rate, New England.	192
NMFS	Increase in telephone rate, Chicago, IL.	120
NWS	Increase cost of telecommunications tariffs.	95,421
NWS	Increase cost of Family of Service telecommunications service.	5,408
NWS	Increase in radar telecommunications tariffs.	8,114
NWS	Old Hickory, TN	476
NWS	Shreveport, LA	536
NWS	Tallahassee, FL	1,146
NWS	Tulsa, OK (5 ATB's)	627
NWS	3002 Voice Grade Circuit (2 ATB's)	4,556
NWS	Ruskin, FL (5 ATB's)	591
NWS	Slidell, LA (4 ATB's)	111
NWS	NEC System	43
NWS	Bismark, ND (3 ATB's)	73
NWS	Williston, ND	12
NWS	Lark, ND	14
NWS	Jamestown, ND	12

				FTE	Amount
2339	Toll Calls		42,752		
	This ATB represents the increase in costs for regular toll telephone calls.				
OAR	Increase in ERL charges	41,552			
PS	Increase in Motorolla costs	1,200			
Printing And Reproduction					329,533
	This ATB represents the increases of charges incurred for contractual printing and reproduction, and the related composition and binding operations performed by the GPO, agencies or other units of the same agency (on a reimbursable basis), and commercial printers.				
2411	Publications		86,414		
	This ATB is requested to fund increase in GPO printing costs of Preliminary report published weekly.				
2415	Other Printing		243,119		
	This ATB is requested to fund increase in contractor costs for printing and distribution of Airport/Facility Directory and Terminal Procedures Publication.				
NOS	Increase in contractor prices for printing	129,900			
NOS	Increase in contractor prices for printing	2,219			
NOAA	Increase in printing cost by GPO	111,000			
Other Services					
Working	**g Capital Fund** This ATB is requested to cover the increased estimated cost of the Working Capital Fund.				219,000

	FTE	Amount
Audit Cost	14	964,000

This ATB was requested and will be provided to the IG's on a reimbursable basis and the FTE will support the IG during the execution process.

	FTE	Amount
Other Services		1,369,848

This ATB reflects charges for contractual services not otherwise classified. Supplies and materials furnished by the contractor in connection with such services are included even though they may be separately itemized on the voucher. Excludes charges for services in connection with the initial installation of equipment, when performed by the vendor which are classified under object class 31XX.

2514 Maintenance of Equipment 76,171

Comprises maintenance and repairs to all equipment and instruments performed on contractual basis other than aircraft or vessel components. Excludes other government agency contracts.

NOS	Increase in comprehensive maintenance service	13,705
NOS	Increase in ADP annual maintenance	10,359
NMFS	Increase in cost of ADP license	450
NMFS	Increase in cost for Facsimile maintenance	100
NMFS	Increase in cost of service agreement	127
NMFS	Increase in equipment maintenance	700
NMFS	Increase in cost of telephone service	840
NMFS	Increase in equipment maintenance	106
NMFS	Increase by AT&T equipment maintenance	408
NMFS	Increase in telephone maintenance costs	1,328
OAR	Increase in rates for maintenance and rental agreements	363
OAR	Increase in maintenance photo copy rates	304
OAR	Increase for Varitype laser	304
OAR	Increase in rates for copier charges	112

				FTE	Amount
OAR	Increase for computer equipment maintenance	17,640			
OAR	Increase contract Princeton University	2,158			
OAR	Increase computer equipment maintenance	4,578			
OAR	Increase ADP hardware maintenance	397			
OAR	Increase computer software maintenance	132			
OAR	Increase in computer hardware maintenance	2,046			
OAR	Increase for maintenance of printers	102			
OAR	Increase for computer software maintenance	534			
OAR	Increase in computer hardware maintenance	1,818			
OAR	Increase in rates for software maintenance	200			
OAR	Increase in basic hardware maintenance	60			
OAR	Increase in computer hardware maintenance	1,646			
NWS	Increase for Motorola equipment maintenance	1,096			
NWS	Increase for maintenance and service agreement	71			
NWS	Increase for telephone equipment maintenance	34			
NWS	Increase for ground and yard maintenance	180			
NWS	Increase for maintenance agreement	94			
NWS	Increase maintenance agreement renewal	82			
NWS	Increase for copier maintenance	3,159			
NESDIS	Increase on-site repair on Gould Equipment	340			
NESDIS	Increase maintenance of generator	312			
NESDIS	Increase on-site maintenance	4,445			
NESDIS	Increase maintenance Sun Sparcstation	2,471			
NESDIS	Increase computer maintenance	1,442			
NESDIS	Increase cost maintenance various equipment	1,928			

2517 Miscellaneous Contractual Services 1,000,342

All other contractual services performed by other than U.S. Government agencies and not classified elsewhere. Includes contractual services for repairs, alterations, operation, and maintenance of buildings and other property owned and utilized by NOAA.

NOS	Increase for assessments of environmental hazards	8,037
NOS	Increase for chemical hazard assessment	4,955

			FTE	Amount
NMFS	Increase for Data Collection and Processing	154,263		
NMFS	Increase for cost of guard service	7,966		
NMFS	Increase in RDC technical support cost	22,974		
NMFS	Increase in cost of janitorial service	15,751		
NMFS	Increase in cost of software lease	553		
NMFS	Increase in security patrol service	4,100		
NMFS	Increase in cost of garbage pick-up	500		
NMFS	Increase of hazardous waste disposal	1,380		
NMFS	Increase in cost of janitorial service	900		
NMFS	Increase in license fees	2,950		
NMFS	Increase in vendor price, Library service	5,647		
NMFS	Increase for VAX computers services	24,107		
NMFS	Increase for garbage removal	611		
NMFS	Increase in janitorial costs	1,034		
NMFS	Increase in page charge costs	300		
NMFS	Increase in copier maintenance	94		
OAR	Increase to operate King Air for WPL experiments	13,320		
OAR	Increase for disposal of hazardous waste	420		
OAR	Increase in rates for janitorial services	354		
OAR	Increase in rates of mandatory license fees	2,400		
OAR	Increase in rates for software,hardware maintenance	1,924		
OAR	Increase for chemical waste disposal	1,850		
OAR	Increase for technical engineering support	2,072		
OAR	Increase in rates for fabrication of tower	6,210		
OAR	Increase for rates for computer maintenance	3,708		
OAR	Increase in Vendor Cost	978		
OAR	Increase in vendor cost for contractor salaries	171,821		
NWS	Increase for hardware support	1,366		
NWS	Increase for Fin Analysis Tracking System	9,894		
NWS	Increase for computer support	60,312		
NWS	Increase in costs for services and supplies	1,240		
NWS	Increased costs Sterling Research Support	16,500		
NWS	Increased costs for support NWS Data file	11,130		
NWS	Increase technical services contract NDBC	40,653		
NWS	Increase for janitorial services	21,577		
NWS	Increased costs for waste disposal	132		

			FTE	Amount
NWS	Increased costs of trash removal	551		
NWS	Increased costs for lawn service	360		
NWS	Increased costs of Pest control service	60		
NWS	Increase for janitorial service	660		
NWS	Increase for lawn maintenance	190		
NWS	Increased costs of snow removal	110		
NWS	Increased costs for lawn service, snow removal	552		
NWS	Increase for janitorial service	60		
NWS	Increased costs for refuse service	227		
NWS	Increase for janitorial service	283		
NWS	Increase for lawn service	126		
NWS	Increase for trash removal service	145		
NWS	Increase for janitorial services	612		
NWS	Increased costs for snow removal	171		
NWS	Increase for mowing and weedeating service	75		
NWS	Increase for janitorial services	300		
NWS	Increased costs on call maintenance	40		
NWS	Increase for janitorial services	1,536		
NWS	Increased costs for pest control service	180		
NWS	Increase for trash removal	60		
NWS	Increase for janitorial services	1475		
NWS	Increase for trash removal	291		
NWS	Increase for janitorial services	911		
NWS	Increased costs of pickup, archiving data	1131		
NWS	Increase for janitorial services	1086		
NWS	Increase for delivery of flight folders	2275		
NWS	Increase for trash collection	203		
NESDIS	Increase for copier maintenance/rental	121		
NESDIS	Increase to provide Satellite support services	33,816		
NESDIS	Increase for software maintenance and development	74,419		
NESDIS	Increase in salaries for technical support staff	16,128		
NESDIS	Membership due Radio Technical Commission	560		
NESDIS	Increased cost software contractual services	18,828		
NESDIS	Increase of software lease maintenance	12,076		
NESDIS	Increase costs to operate computer system	17,381		
NESDIS	Increase in costs for photo reproductive service	1,429		

				FTE	Amount
NESDIS	Increase in Wage Related Payroll and Benefits	143,228			
NESDIS	Increase in costs of CD–ROM Library system	7,318			
NESDIS	Increase in fixed labor rates	18,020			
PS	Increase for landscape service	3,094			
PS	Increase for WRC copy center contract	600			
PS	Increase for general maintenance, upkeep WRC	4,937			
PS	Increase for mailroom and shuttle service	10,734			

2521 Services Provided by Other Federal Agencies — 153,863

This ATB represents the increase in costs for all contractual services performed by other Federal agencies that are not classified elsewhere.

NESDIS	Guard Service	24,885
NESDIS	NASA at Wallops Station, VA & Fairbanks, AK	43,000
OAR	ADP Facility MGMT support	4,862
OAR	NCR Licence fee	1,450
NWS	US Coast Guard Tech support	76,800
NWS	FAA Child Care	2,224
NWS	Increase in Employee Assistance Program	642

2524 Contracts for Operating Commercial Activities — 114,736

This ATB represents the increased costs associated with administrating the A–76 contracts.

NWS	JFK International Airport	22,833
NWS	LaGuardi International Airport	23,133
NWS	Philadelphia International Airport	19,871
NWS	Buffalo International Airport	5,305
NWS	Nashville, TN	11,372
NWS	Tampa, FL	9,840
NWS	Great Falls, MT	1,721
NWS	Long Beach, CA	6,144
NWS	Oakland, CA	650

			FTE	Amount
NWS Seattle/Tacoma, WA	11,290			
NWS Stampede Pass, WA	2,577			
2525 NOAA Weather Radio Operation and/or Maintenance Contracts		24,736		

This ATB represents the increased costs for all the NWS contractual services associated with the weather radio operation or maintenance.

Radio Maintenance–Richmond International Airport	2,572
Radio Maintenance–Columbia, SC	2,780
Radio Maintenance–Columbus (OH) International Airport	3,144
NWR Broadcast Consoles–Norman, OK	5,198
Radio Maintenance–Madison, WI	1,452
Weather Radio Contract–Nebraska Education Telecomm	1,439
Radio Maintenance–Denver, CO	1,466
Radio Maintenance–St. Paul, MN	1,284
VHS Transmitters Maintenance–Rapid City, SD	393
NWR Transmitter System–State of California	3,756
Misc Contractual Service–Western Region Offices	1,252

Supplies and Materials 892,521

Combined charges for goods acquired by contract or other form of purchases that are ordinarily consumed or expended within one year after they are put into use, that are converted in the process of construction or manufacture, or that are used to form a minor part of equipment or fixed property, have increased by $1,181,000.

2610 Office Supplies and Tools 642,500

This ATB represents an increase of costs for supplies and tools. 642,500

			FTE	Amount
2612	Purchases of Meterological Upper Air Supplies		135,600	
	This ATB is requested to fund increased costs of contracted upper air supplies including: radiosondes, balloons, and costs for digital interfaces.			
NWS	Purchase of Radiosonde Balloons	12,200		
NWS	Purchase of Upper Air Balloons (3 ATB's)	123,400		
2614	Purchases of Gases		176	
	ATB is requested to fund increased costs of contracted upper air gases.			
OAR	Increase in rates for demurrage for gas cylinders	212		
OAR	Increase in cost of propane	420		
NWS	Purchase of Hydrogen	176		
2618	Purchase of ADP Supplies		2,868	
	This ATB is for the increase in costs for ADP supplies including Magnetic Tape Cartridges and Software License.			
OAR	Purchase of Magnetic Tape Cartridges for GFDL	850		
OAR	Increase in Software License fees.	1850		
OAR	Software Subscription Support	168		

	FTE	Amount
2619 Purchases (all other)		111,377

This ATB is for the increase in costs for gases, laboratory supplies, journal subscription costs, balloon package unwinders, air sampling flasks, Ozonesondes, expendable supplies, NOAA CORPS support, electrostatic paper, paper, and chemicals.

NMFS	Gases used in fisheries research	62
NMFS	Laboratory supplies and chemicals	2,058
NMFS	Journal subscription costs	3,760
NMFS	Increase in subscription costs	1,915
NMFS	Increased cost of bottled water	685
OAR	Rate increase for Aeronomy Laboratory subscriptions	1,238
OAR	Balloon Package Unwinders	137
OAR	Air sampling flasks	175
OAR	Ozonesondes	3,320
OAR	Expendable supplies	16,124
OAR	NOAA Corps support	1,700
OAR	Increased cost for copier toner/paper	3,246
NWS	Oscillators	210
NWS	Electrostatic paper	27
NWS	"Tellus A & B" Subscription	64
NESDIS	Increased cost of chemical supplies	230
NESDIS	Increased cost of subscriptions	36,567
PS	Increased cost of 715 journals	39,859

	FTE	Amount
Equipment		300,625

Combined charges for personal property of a durable nature. Includes charges for services in connection with initial installation of equipment when performed under contract. Excludes commodities that are converted in the process of construction or manufacture, or that are used to form a minor part of equipment or fixed property have been increased by $301,774.

			FTE	Amount
3115 Motor Vehicles–Capitalized		60,606		
This ATB represents an increase in costs associated with the OA Motor Vehicle Replacement Fund.	60,606			
3117 Other Capitalized Property		8,500		
This ATB represents the increase in costs for OAR associated with purchasing other capitalized property.				
PEML's Acoustic/Transponder	8,500			
3120 Non-Capitalized Equipment–Other		173,000		
This ATB represents the increase in costs of maintaining a revolving inventory of Non-capitalized equipment used by NOAA.	173,000			
3121 Non-Capitalized Equipment for Inventory		58,519		
This ATB represents the increase in costs of maintaining a revolving inventory of Non-capitalized equipment used by NOAA.	58,519			

			FTE	Amount
Grants, Subsidies, and Contributions				**1,140,000**

Grants, subsidies, gratuities, and other aid for which cash payments are made to states, other political subdivisions, corporations, associations, and individuals.

4111 Research Grants		1,140,000	

This ATB represents the increased costs associated with Research Grants.

OAR	PMEL's\OREGON STATE UNIVERSITY	9,000	
OAR	PMEL's\Joint Institute	76,000	
OAR	GFDL\Princeton University	56,000	
OAR	ERL\CIRES (3 ATB's)	978,000	
NESDIS	Univ of Wisconsin	9,000	
NESDIS	Univ of Colorado	12,000	41,603,854

Appropriation Language and Code Citations:

1. For necessary expenses of activities authorized by law for the National Oceanic and Atmospheric Administration,

5 USC 3109
5 USC 5348
5 USC 5398
5 USC 5901
5 USC 5902
7 USC 1622
12 USC 1715m
15 USC 272
15 USC 313
15 USC 313a
15 USC 313c
15 USC 313nt
15 USC 325
15 USC 330b
15 USC 330e
15 USC 713c-3
15 USC 713c-3(b)
15 USC 1511
15 USC 1514
15 USC 1517
15 USC 1525
15 USC 1537-40
15 USC 2904
15 USC 2906
15 USC 2907
15 USC 2908
15 USC 4211
15 USC 4278
15 USC 5706
16 USC 661
16 USC 664
16 USC 665
16 USC 742c
16 USC 742d
16 USC 742f
16 USC 742g
16 USC 744
16 USC 745
16 USC 753a
16 USC 755
16 USC 756
16 USC 757a
16 USC 757b
16 USC 757d
16 USC 758a
16 USC 760a
16 USC 760d
16 USC 760e
16 USC 760f
16 USC 760g
16 USC 760h
16 USC 777
16 USC 778
16 USC 916j
16 USC 959
16 USC 971h
16 USC 1222
16 USC 1361
16 USC 1371
16 USC 1377
16 USC 1380
16 USC 1381
16 USC 1384
16 USC 1431
16 USC 1433
16 USC 1436
16 USC 1437
16 USC 1440
16 USC 1441
16 USC 1442
16 USC 1444
16 USC 1447 et.seq
16 USC 1452
16 USC 1452(b)
16 USC 1454
16 USC 1455
16 USC 1455(a)
16 USC 1456
16 USC 1456(a)
16 USC 1456(c)
16 USC 1461
16 USC 1464
16 USC 1533
16 USC 1534
16 USC 1535
16 USC 1811
16 USC 1822(a)(4)
16 USC 1852
16 USC 1852(h)
16 USC 1853
16 USC 1854(e)
16 USC 1855
16 USC 1861
16 USC 1882
16 USC 3633(c)
16 USC 3636
16 USC 3641
16 USC 4008
16 USC 4701
16 USC 5001 et.seq
30 USC 1401
30 USC 1412
30 USC 1419
30 USC 1424
30 USC 1428
30 USC 1469
33 USC 760 et.seq
33 USC 851-876
33 USC 883a
33 USC 883b
33 USC 883c
33 USC 883d
33 USC 883e
33 USC 883f
33 USC 883h
33 USC 883i
33 USC 1121 et.seq
33 USC 1251
33 USC 1703-05
33 USC 1709
33 USC 2706
33 USC 2801 et.seq
33 USC 1443
33 USC 1444
33 USC 1445
37 USC 101 et.seq
42 USC 253
42 USC 1891
33 USC 1442
42 USC 7453
42 USC 8902
42 USC 8903
42 USC 8904
42 USC 8905
43 USC 1347(e)
44 USC 1307
49 USC 1153
49 USC 1463

NOAA Authorization Act of 1992 P.L. 102-567

15 USC 325 - Authorization of Appropriations.

This section authorizes funds to be appropriated for NOAA operations and research.

Government Organizations and Employees

5 USC 3109 - Employment of experts and consultants; temporary or intermittent.

"When authorized by an appropriation or other statute, the head of an agency may procure by contract the temporary (not in excess of 1 year) or intermittent services of experts or consultants or an organization thereof, including stenographic reporting services."

5 USC 5348 - Crews of Vessels.

"...the pay of officers and members of crews of vessels excepted from chapter 51 of this title by section 5102(c)(8) of this title shall be fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates and practices in the maritime industry."

5 USC 5901 - Uniform allowances.

This section authorizes annual appropriations to each agency of the Government of the United States, an amount for uniforms, or allowances for uniforms for employees of the agency who are required by regulation or statute to wear a prescribed uniform in the performance of official duties and who are not being furnished with the uniform.

5 USC 5902 - Increase in maximum uniform allowance.

This section increases the amounts for uniform allowances provided for in 5 USC 5901.

Agriculture National Marine Fishing.

7 USC 1622 - Agricultural Marketing Act.

"The Secretary ... is directed and authorized: ...

(i) to determine the needs and develop or assist in the development of plans for the proper assembly, processing, transportation, storage, distribution, and handling of agricultural (fish) products.

(h) to inspect, certify, and identify the class, quality, quantity and condition of agricultural (fish) products ...

(f) to conduct and cooperate in consumer education for the more effective utilization and greater consumption of agricultural products (fish)...

(g) to collect and disseminate marketing information... for the purpose of ... bringing about a balance between production and utilization of agricultural (fish) products.

(m) to conduct ... research ... to determine the most efficient ... processes for the handling, storing, preserving, protecting...of agricultural (fish) commodities ..."

Banks and Banking NOAA Corps

12 USC 1715m - Mortgage Insurance Payments.

This section authorizes payment of Federal Housing Administration (FHA) home mortgage insurance premiums to NOAA Corps Officers.

Commerce and Trade

15 USC 272 - Functions of Secretary and Institute.

"The Secretary of Commerce...is authorized to undertake all actions necessary and appropriate...including the following functions of the Institute [NIST]:

(b)(6) To determine, compile, evaluate and disseminate physical constants and the properties and performance of conventional and advanced materials when they are important to science, engineering, manufacturing, education, commerce and industry and are not available with sufficient accuracy elsewhere.

(c) In carrying out the functions enumerated..., the Secretary is authorized to

(11) perform research on electromagnetic waves, including optical waves and on properties and performances of electrical, electronic and electromagnetic devices and systems and their essential materials, develop and maintain related standards, and disseminate standard signals through broadcast and other means;

(17) compile, evaluate and publish and otherwise disseminate general, specific and technical data resulting from the performance of the functions specified herein or from other sources when such data are important to science, engineering, or industry or to the general public, and are not available elsewhere."

Weather Modification P.L. 99-272

15 USC 313 - Duties of Secretary of Commerce.

"The Secretary of Commerce...shall have charge of the forecasting of weather,...issue of storm warnings,...weather and flood signals,... gauging and reporting of rivers,...collection and transmission of marine intelligence...,...reporting of temperature and rainfall conditions..., the display of frost and cold-wave signals, the distribution of meteorological information..., and the taking of such meteorological observations as may be necessary to establish and record the climatic conditions of the United States, or as are essential for the proper execution of the foregoing duties."

15 U.S.C. 313a - Duties of Secretary of Commerce.

"... The Secretary of Commerce shall ... take such actions as may be necessary in the development of an international basic meteorological reporting network in the Arctic region of the Western Hemisphere..."

15 USC 313nt - Study of Thunderstorms and Atmospheric Disturbances; Reports; Expenditures; Cooperation of Other Departments.

"...the Chief of the Weather Bureau is authorized and directed to study fully and thoroughly the internal structure of thunderstorms, hurricanes, cyclones, and other severe atmospheric disturbances,... with a view to establishing methods by which the characteristics of particular thunderstorms may be forecast and methods by which the characteristics of such storms may be determined on visual observation from outside of the immediate thunderstorm area."

15 USC 330b - Duties of Secretary - Records, maintenance, summaries, publication.

"(a) The Secretary shall maintain a record of weather modification activities, including attempts, which take place in the United States and shall publish summaries thereof from time to time as he determines."

Weather Modification P.L. 99-272

15 USC 713c-3 - Saltonstall - Kennedy Act.

This section provides for a national program to promote the free flow of domestically produced fishery products by conducting fishery educational, technological and biological related research and marketing pertaining to American fisheries.

15 USC 713c-3(b) - Saltonstall -Kennedy Act.

There shall be deposited in the fund moneys transferred to the fund under the Saltonstall Kennedy Act.

15 USC 1511(c) NOAA Estuarine Programs Office.

... The Estuarine Programs Office shall develop, coordinate, and implement the estuarine activities of the administration with the activities of other Federal and State agencies. There are authorized to be appropriated to the Administration not to exceed $560,000 for fiscal year 1989, and $600,000 for fiscal year 1990.

15 USC 1514 - Basic authority for performance of certain functions and activities of Department.

"Appropriations are authorized for the following activities of the Department of Commerce:

(a) furnishing to employees...and their dependents, in Alaska and other points outside the continental United States, free emergency medical services...and supplies;

(b) ...purchasing, transporting, storing, and distributing food and other subsistence supplies for resale to employees...and their dependents, in Alaska and other points outside the continental United States at a reasonable value...; the proceeds from such resales to be credited to the appropriation from which the expenditure was made;

(c) ...establishment, maintenance, and operation of messing facilities, by contract or otherwise, in Alaska and other points outside the continental United States..., such service to be furnished to employees...and their dependents,...

(d) reimbursement...of officers or employees in or under the Department...for food, clothing, medicines, and other supplies furnished by them in emergencies for the temporary relief of dislocated persons in remote localities;

(e) providing motion-picture equipment and film for recreation of crews of vessels..., for...employees in remote localities..., and for training purposes;

(f) erecting, altering, repairing, equipping, furnishing, and maintaining...such living quarters and facilities as may be necessary to carry out its authorized work at remote localities not on foreign soil where such living and working accommodations are not otherwise available."

15 USC 1525 - Joint Projects.

"In the case of nonprofit organizations, research organizations or public organizations or agencies, the secretary may engage in joint projects or perform services, on matters of mutual interest. The cost of which shall be apportioned equitably... when authorized to do under regulations approved by the OMB."

15 USC 1537 - Needs Assessment for Data Management.

"Not later than 12 months after October 29, 1992, and at least biennially thereafter, the Secretary of Commerce shall complete an assessment of the adequacy of the environmental data and information systems ..."

National Climate Program Act P.L. 100-685

15 USC 2904 - National climate program.

"The Secretary (of Commerce) shall establish within the Department of Commerce a National Climate program office...The office shall serve as the lead entity responsible for administering the program. The program shall include, but not be limited to, the following elements:

(1) assessments of the effect of climate on the natural environment, agricultural production, energy supply and demand, land and water resources, transportation, human health and national security.
(2) basic and applied research to improve understanding of climate processes,...
(3) methods for improving climate forecasts...
(4) global data collection, and monitoring and analysis activities...
(5) systems for the management and...dissemination of climatological data, information and assessments...
(6) measures for increasing international cooperation in climate research, monitoring, analysis and data dissemination;
(7) mechanisms for intergovernmental climate-related studies and services...
(8) experimental climate forecast centers,...
(9) a preliminary 5-year plan,...a final 5-year plan to be submitted to the Congress...that shall be revised and extended at least once every four years."

15 USC 2906 - Annual report.

"The Secretary shall prepare and submit to the President and the authorizing committees of the Congress, not later than March 31 of each year, a report on the activities conducted pursuant to this Act during the preceding fiscal year..."

15 USC 2907 - Contract and Grant Authority.

"Each person or entity to which Federal funds are made available under a contract or grant arrangement as authorized ... shall keep such records as the Director of the Office shall prescribe."

National Aeronautics and Space Administration Authorization Act 1989 P.L. 100-685.

15 USC 2908 - Authorization for appropriations.

"...there are authorized to be appropriated to the Secretary,...not to exceed $51,000,000 for the fiscal year ending September 30, 1989, of which amount not less than $3,238,000 shall be made directly available to the National Climate Program Office..." Authorizing legislation is proposed to extend in FY 1989.

15 USC 4211 - Operation by Secretary.

"The Secretary shall be responsible for - (1) the Landstat system, including the orbit, operation, and disposition of Landstats 1, 2, 3, 4, and 5;"

15 USC 5706 et.seq. - Land Remote-Sensing Policy.

"To maximize the value of the Landsat Program to the American public, enhanced Landstat 4 through 6 data should be available ..." The Secretary is authorized to license private sector parties.

Conservation

16 USC 661 - Declaration of purpose; cooperation of agencies; surveys and investigations; donations.

"...the Secretary of Interior is authorized (1) to provide assistance to, and cooperate with, Federal, State, and public or private agencies and organizations in the development, protection, rearing, and stocking of all species of wildlife, resources thereof, and their habitat, in controlling losses of the same from disease or other causes, in minimizing damages from overabundant species, in providing public shooting and fishing areas, including easements across public lands for access thereto, and in carrying out other measures necessary to effectuate the purposes of said sections; (2) to make surveys and investigations of the wildlife of the public domain, including lands and waters or interests therein acquired or controlled by any agency of the United States; and (3) to accept donations of land and contributions of funds in furtherance of the purposes of said sections."

16 USC 664 - Administration; rules and regulations; availability of lands to State agencies.

"Such areas as are made available to the Secretary...shall be administered by him directly or in accordance with cooperative agreements entered into pursuant to the provisions of section 661 of this title and in accordance with such rules and regulations for the conservation, maintenance, and management of wildlife,..., as may be adopted by the Secretary...: Provided, That such rules and regulations shall not be inconsistent with the laws for the protection of fish and game of the States in which such area is situated:...,."

16 USC 665 - Investigations as to effect of sewage, industrial wastes; reports.

"The Secretary..., is authorized to make such investigations as he deems necessary to determine the effects of domestic sewage, mine, petroleum, and industrial wastes, erosion silt, and other polluting substances on wildlife, and to make reports to the Congress concerning such investigations and of recommendations for alleviating dangerous and undesirable effects of such pollution. These investigations shall include (1) the determination of standards of water quality for the maintenance of wildlife; (2) the study of methods of abating and preventing pollution,...; and

(3) the collation and distribution of data on the progress and results of such investigations for the use of Federal, State, municipal, and private agencies, individuals, organizations, or enterprises."

Lacey Act Amendments P.L. 100-653

16 USC 742c(c) Any Funds received in the Fisheries Loan Fund after September 30, 1986, shall be covered into the Treasury as miscellaneous receipts.

16 USC 742d - Investigations; preparation and dissemination of information; reports.

"The Secretary shall conduct...investigations, prepare and disseminate information, and make periodic reports to the public, to the President, and to Congress, with respect to the following matters:

(1) the production and flow to market of fish and fishery products...;
(2) the availability...of the biological requirements of the fish and wildlife resources;
(3) the competitive economic position of the various fish and fishery products,...;
(4) the collection and dissemination of statistics on commercial and sport fishing;
(6) the improvement of production and marketing practices...;
(7) any other matters which in the judgment of the Secretary are of public interest in connection with any phases of fish and wildlife operations."

16 USC 742f - Policies, procedures, and recommendations.

"(a) The Secretary..., shall consider and determine the policies and procedures that are necessary and desirable in carrying out...the laws relating to fish and wildlife. The Secretary,..., shall -

(1) develop and recommend measures which are appropriate to assure the maximum sustainable production of fish and fishery products...;

(2) study the economic condition of the industry, and...make such recommendations to the President and the Congress as he deems appropriate to aid in stabilizing the domestic fisheries;

(3) develop and recommend special promotional and informational activities with a view to stimulating the consumption of fishery products whenever he determines that there is a prospective or actual surplus of such products;

(4) take such steps as may be required for the development, advancement, management, conservation, and protection of fish and wildlife resources; including but not limited to research, development of existing facilities, and acquisition by purchase or exchange of land and water, or interests therein

"(c)(1)...The Secretary of Commerce may...recruit, train, and accept...services of individuals without compensation as volunteers for, or in aid of programs conducted by...the National Oceanic and Atmospheric Administration.

(2)...The Secretary of Commerce...is...authorized to provide for incidental expenses such as transportation, uniforms, lodging, and subsistence of such volunteers."

16 USC 742g - International Affairs.

"The Secretary shall cooperate...with the Secretary of State in providing representation at all meetings ... relating to fish and wildlife in which ... the United States and foreign countries participate."

16 USC 744 - Investigations; fish propagation; annual statement of expenditures; investigations of damages by predacious fishes; executive, assistance.

"The Secretary...shall prosecute investigations and inquiries..., with the view of ascertaining whether any and what diminution in the number of the food fishes of the coast and lakes of the United States has taken place;...what causes the same.......whether any and what protective, prohibitory, or precautionary measures should be adopted...; and he shall report upon the same to Congress. He is authorized...to conduct investigations... for the purpose of ameliorating the damage wrought...by dogfish and other predacious fishes and aquatic animals."

16 USC 745 - Powers of Secretary.

"The Secretary...may take or cause to be taken at all times, in the waters of the seacoast of the United States,..., such fish or specimens thereof as may in his judgment, from time to time, be needful or proper for the conduct of his duties, any law, custom, or usage of any State to the contrary notwithstanding."

16 USC 753a - Cooperative research and training programs for fish and wildlife resources.

"For the purpose of developing adequate, coordinated, cooperative research and training programs..., the Secretary...is authorized...to enter into cooperative agreements with colleges and universities, with game and fish departments of the several States, and with nonprofit organizations relating to cooperative research units."

16 USC 755 - Salmon cultural stations; establishment; expenditure of funds.

"The Secretary...is authorized and directed to establish one or more salmon cultural stations in the Columbia River Basin in each of the States of Oregon, Washington, and Idaho."

16 USC 756 - Investigations, surveys, and experiments; construction and installation of conservation devices, etc.

"The Secretary...is further authorized and directed (1) to conduct such investigations...as may be necessary...of the fishery resources of the Columbia River and its tributaries; (2) to construct and install devices...for the improvement of feeding and spawning conditions..., for the protection of migratory fish from irrigation projects,...facilitating free migration of fish...and (3) to perform all other activities necessary for the conservation of fish in the Columbia River Basin in accordance with law."

Anadromous Fish Conservation Act Authorization P.L. 101-162

16 USC 757a - Anadromous and Great Lakes fisheries.
(a) Conservation, development, and enhancement; cooperative agreements with States and other non-Federal interests; terms and conditions;

Federal and non-Federal costs.

"For the purpose of conserving, developing, and enhancing within the several States the anadromous fishery resources of the Nation... the Secretary...is authorized to enter into cooperative agreements with one or more States, acting jointly or severally, that are concerned with the development, conservation, and enhancement of such fish, and, whenever he deems it appropriate, with other non-Federal interests."

16 USC 757b - Anadromous and Great Lakes Fisheries; investigations, surveys, and research; stream clearance activities; conservation devices and structures; fish hatcheries; studies, recommendations, and reports to States, Congress, and Federal water resources construction agencies; water resources projects; property: acquisition, exchanges, cash equalization payments, donations, administration, and title.

"The Secretary, in accordance with any agreements entered into pursuant to section 757a(a) of this title, is authorized (1) to conduct such investigations,engineering and biological surveys, and research as may be desirable to carry out the program; (2) to carry out stream clearance activities; (3) to construct, install, maintain, and operate devices and structures for the improvement of feeding and spawning conditions,...(4) to construct, operate, and maintain fish hatcheries wherever necessary to accomplish the purposes of sections 757a to 757f of this title."

16 USC 757d - Anadromous and Great Lakes fisheries.

This section authorizes funds for conservation, development and enhancement of anadromous fishery resources of the nation: $7,702,500 for fiscal year 1987, $7,920,000 for fiscal year 1988, $8,152,500 for fiscal year 1989, $8,000,000 for fiscal years 1990 through 1995.

16 USC 758a - Exploration, investigation, development, and maintenance of fishing resources and industry of Pacific Ocean; conduct of explorations and related work.

"The Secretary..., is authorized and directed to conduct such fishing explorations and such necessary related work as oceanographical, biological, technological, statistical, and economic studies to insure maximum development and utilization of the high seas fishery resources of the United States and its island possessions in the tropical and subtropical Pacific Ocean..."

16 USC 760a - Atlantic Coast fish study for development and protection of fish resources.

"The Secretary...is directed to undertake a comprehensive and continuing study of species of fish of the Atlantic Coast, including bays, sounds, and tributaries, for the purpose of recommending... measures for the development and protection of such resources and their wisest utilization..."

16 USC 760d - Grants for education and training of personnel in the field of commercial fishing; apportionment; authorization of appropriations; regulations.

"(a) The Secretary...is authorized to make grants, out of funds appropriated for the purposes of this section, to public and non-profit private universities and colleges in the several States and Territories of the United States for such purposes as may be necessary to promote the education and training of professionally trained personnel (including scientists, technicians, and teachers) needed in the field of commercial fishing."

16 USC 5001 - Purpose of Convention.

"It is the purpose ... to implement the Convention for the Conservation of Anadromous Stocks in the North Pacific Ocean, signed in Moscow, February 11, 1992."

Atlantic Striped Bass Conservation Act P.L. 100-589

16 USC 760e - Study of migratory game fish; waters; research; purpose.

"The Secretary...is directed to undertake a comprehensive continuing study of the migratory marine fish of interest to recreational fishermen...The study shall include...research on migrations, identity of stocks, growth rates,...for the purpose of developing wise conservation policies and constructive management activities."

16 USC 760f - Authorization to acquire facilities, employ officers and employees, cooperate with State and other agencies, and to publish results.

"...the Secretary is authorized (1) to acquire lands, construct ...buildings,...acquire equipment...employ...officers and employees... (2)...contract with State and other institutions... (3) make public the results of...research pursuant to section 760e..."

16 USC 760g - Authorization of appropriations.

"There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of sections 760e to 760g for fiscal years 1988 through 1991." Legislation limits appropriations to $2,700,000 in any fiscal year.

16 USC 777 - Cooperation between Federal government and State fish and game departments; conditions on expenditure of funds.

"The Secretary...is authorized and directed to cooperate with the States through their respective State fish and game departments in fish restoration and management projects as hereinafter set forth:..."

16 USC 778 - Establishment of experiment stations; purpose of research.

"The Secretary...is authorized and directed to establish an experiment station or stations for the purpose of carrying on a program of research and experimentation-

(1) to determine species of fish most suitable for culture on a commercial basis in shallow reservoirs and flooded rice lands;
(2) to determine methods for production of fingerling fishes for stocking in commercial reservoirs;
(3) to develop methods for the control of parasites and diseases of brood fishes and of fingerlings prior to stocking;
(4) to develop economical methods for raising the more desirable species of fishes to a marketable size;
(5) to determine, in cooperation with the Department of Agriculture, the effects of fish-rice rotations, including crops other than rice commonly grown on rice farms, upon both the fish and other crops; and
(6) to develop suitable methods for harvesting the fish crop and preparing it for marketing, including a study of sport fishing as a means of such harvest."

Marine Mammal Protection Act P.L. 99-659 Amendment

16 USC 916j - Administration of enforcement provisions.

"(a) The Secretary...is authorized and directed to administer and enforce all of the provisions of this chapter and regulations issued pursuant thereto and all of the provisions of the convention and of the regulations of the Commission, except to the extent otherwise provided for in this chapter, in the convention, or in the regulations of the Commission." (in re: Chapter 14 - Regulation of Whaling)

The word "convention" refers to the International Convention for the Regulation of Whaling. The word "Commission" refers to the International Whaling Commission.

16 USC 959 - Enforcement of chapter.

(b) Federal law enforcement agents.

"Enforcement of the provisions of this chapter and the regulations issued pursuant thereto shall be the joint responsibility of the United States Coast Guard, the United States Department of Commerce, and the United States Customs Service." (in re: Chapter 16 - Tuna Conventions)

16 USC 971h - Atlantic Tunas Convention Act of 1975.

This section authorizes funds, not more than $2,000,000 for each of the fiscal years 1989 through 1993, for a program for the conservation of the Atlantic tunas in support of recommendations made by the International Commission for the Conservation of Atlantic Tunas.

16 USC 1027 - Enforcement; boarding and inspecting of vessels; detention of persons and vessels; enforcement officers as witnesses.

"(a) The provisions of the Convention and this chapter relating to abstention from fishing in certain areas by the nationals and vessels of one or more of the contracting parties shall be enforced by the Coast Guard in cooperation with the Fish and Wildlife Service and the Bureau of Customs." (in re: Chapter 19 - North Pacific Fisheries)

The word "Convention" refers to the International Convention for the High Seas Fisheries of the North Pacific Ocean. The functions referred to were transferred from the Fish and Wildlife Service to NOAA by Reorganization Plan No. 4 of 1970.

16 USC 1222 - General study and inventory of estuaries and their natural resources.

(a) Estuaries included; considerations; other applicable studies.

"The Secretary of Commerce, the Secretary of the Interior, in consultation and in cooperation with the States, the Secretary of the Army, and other Federal agencies shall conduct directly or by contract a study and inventory of the Nation's estuaries, including without limitation coastal marshlands, bays, sounds, seaward areas, lagoons, and land and waters of the Great Lakes. For the purpose of this study, the Secretary shall consider, among other matters, (1) their wildlife and recreational potential, their ecology, their value to the marine, anadromous, and shellfisheries and their esthetic value, (2) their importance to navigation, their value for flood, hurricane, and erosion control, their mineral value, and the value of submerged lands underlying the waters of the estuaries, and (3) the value of such areas for more intensive development for economic use as part of urban developments and for commercial and industrial developments."

16 USC 1361 - Congressional Findings.

"The Congress finds that - (1) certain species and population stocks of marine mammals are, or may be, in danger of extinction or depletion as a result of man's activities;"

16 USC 1371 Marine Mammal Protection Act of 1988 P.L. 100-711.

"The Secretary ... is authorized and directed ... to waive the requirements of this section so as to allow the taking or importing of any marine mammal product ... "

16 USC 1377 - Enforcement.

(a) Utilization of personnel.

"Except as otherwise provided in this subchapter, the Secretary shall enforce the provisions of this subchapter. The Secretary may utilize, by agreement, the personnel, services, and facilities of any other Federal agency for purposes of enforcing this subchapter." (in re: Chapter 31 - Marine Mammal Protection)

16 USC 1380 - Marine mammal research grants.

"(a) The Secretary is authorized to make grants, or to provide financial assistance in such other form as he deems appropriate, to any Federal or State agency, public or private institution, or other person for the purpose of assisting such agency, institution, or person to undertake research in subjects which are relevant to the protection and conservation of marine mammals, and shall provide financial assistance for, research into new methods of locating and catching yellow-fin tuna without the incidental taking of marine mammals.

16 USC 1381 - Commercial fisheries gear development.

(a) Research and development program.

"The Secretary of the department in which the National Oceanic and Atmospheric Administration is operating...is hereby authorized and directed to immediately undertake a program of research and development for the purpose of devising improved fishing methods and gear so as to reduce to the maximum extent practicable the incidental taking of marine mammals in connection with commercial fishing."

16 USC 1384 - Authorization of appropriations - P.L. 100-711.

"(a) There are authorized to be appropriated...$12,250,000 for fiscal year 1989, $12,740,000 for fiscal year 1990, $13,250,000 for fiscal year 1991, $13,780,000 for fiscal year 1992, $14,331,000 for fiscal year 1993."

16 USC 1441 - Special Use of Permits

"The Secretary may issue special use permits which authorize the conduct of specific activities in a national marine sanctuary ..."

16 USC 1442 - Cooperative Agreements and Donations

"(a) The Secretary may enter into cooperative agreements with any nonprofit organization..."

"(b) The Secretary may accept donations of funds, property, and services for use in designating and administering national marine sanctuaries under this chapter."

Coastal Zone Management Act of 1972, as amended.

33 USC 2801 - Purposes.

"(7) provide state programs ... with information necessary to design land use plans and coastal zone regulations that will contribute to the protection of coastal ecosystems;"

16 USC 1452 - Declaration of Policy.

"The Congress finds and declares that it is the national policy (1) to preserve, protect, develop, and where possible, to restore or enhance, the resources of the Nation's coastal zone..."

16 USC 1456b - Coastal Zone Enhancement Grants.

"(b)...the Secretary may make grants to coastal states to provide funding for development and submission ... of program changes that support attainment of one or more coastal zone enhancement objectives."

16 USC 1454 - Management Program Development Grants.

"...the Secretary may make a grant...to any coastal state without an approved program if the coastal state demonstrates...that the grant will be used to develop a management program consistent with the requirement set forth in [16 USC 1455].

16 USC 1455 - Administrative Grants.

"The Secretary may make grants to any coastal state for the purpose of administering that state's management program, if the state matches any such grant..."

16 USC 1455a - Resource Management Improvement Grants.

"(b) The Secretary may make grants to any eligible coastal state to assist that state in meeting one or more of the following objectives: (1) The preservation or restoration of specific areas of the state...(2) The redevelopment of ... urban waterfronts and ports...(3) The provision of access of public beaches and...coastal areas...

16 USC 1456a - Coastal Zone Management Fund.

"(a)(2) Loan repayments...shall be deposited into the Coastal Zone Management Fund..."

"(b)(1) The Secretary shall establish and maintain a fund...which shall consist of amounts retained and deposited into Fund..."

"(b)(2) ...amounts in the Fund shall be available...for the following:

(A) Expenses incident to the administration of this title, in an amount not to exceed-- (v) $5,962,593 for fiscal year 1995.

(B) After use under (A) - (i) projects to address management issues which are regional in scope... (ii) demonstration projects ... (iii) emergency grants ... (iv) ... awards recognizing excellence in coastal zone management ... (v) program development grants as authorized by section 305; and (vi) ... financial support to coastal States for ... investigating and applying the public trust doctrine..."

16 USC 1456c - Technical Assistance.

"(a) The Secretary shall conduct a program of technical assistance and management-oriented research necessary to support the development and implementation of State coastal management program(s)...

16 USC 1461 - National Estuarine Research Reserve System.

"(a) There is established the National Estuarine Reserve Research System..."

"(b)...the Secretary may designate an estuarine area as a national estuarine reserve if ... the area is a representative estuarine ecosystem that is suitable for long-term research and contributes to the biogeographical and topological balance of the System..."

"(e) Financial Assistance. (1) The Secretary may ... make grants (A) to a coastal State (i) for ...acquiring ... lands and waters ..., (ii) for ... operating or managing a national estuarine reserve and constructing appropriate reserve facilities, or (iii) for purposes of conducting educational or interpretive activities... (B) ... for purposes of supporting research and monitoring within a ... reserve..."

16 USC 1464 - Authorization of Appropriations.

"(a) There are authorized to be appropriated to the Secretary -

(2) ... not to exceed $90,090,000 for fiscal year ending September 30, 1995 ... for grants under sections 306, 306A, and 309...
(3) ... not to exceed $7,155,000 for fiscal year ending September 30, 1995 ... for grants under section 315...
(4) ... not to exceed $10,000,000 for fiscal year ending September 1995 ... for activities under section 310 and for administrative expenses incident to the administration of this title; except that expenditures for such administration shall not exceed $5,000,000..."

P.L. 101-508, Section 6217 - Protecting Coastal Waters.

"(a) In General - ... each State for which a management programs has been approved ... shall ... submit to the Secretary ... a Coastal Nonpoint Pollution Control Program..."

"(f) Financial Assistance - ... The Secretary ... may provide grants to the State for use for developing a State program under this section."

"(h) Authorizations of Appropriations - (1) Administrator. - ... for carrying out this section not more than $1,000,000 for fiscal year 1993...
(2) Secretary. - (A) Of amounts appropriated ... under section 318(a)4) ... not more than $1,000,000 shall be available ... for carrying out this section ... other than for providing ... grants... (B) ... for ... grants under subsection (f) not more than ... $12,000,000 for fiscal year 1995 ..."

Marine Protection, Research, and Sanctuaries Act of 1972, as amended

Title II - Comprehensive Research on Ocean Dumping

33 USC 1441 - "...the Administrator shall ... initiate a ... program of monitoring and research regarding the effects of the dumping of material into ocean waters or other coastal waters..."

33 USC 1442 - "(a)(1) The Secretary...shall...initiate a ... program of research with respect to the possible long-range effects of pollution, overfishing, and man-induced changes of ocean ecosystems. These responsibilities shall include the ... assessment of damages to the natural resources from spills of petroleum..."

33 USC 1443 - "(c) The Administrator...shall assess the feasibility in coastal areas of regional management plans for the disposal of waste materials."

National Marine Sanctuaries Act

16 USC 1431 - Findings, Purposes and Policies.

"(b) The purposes and policies of this title are - (1) to identify ... areas of the marine environment of special national significance...(2) to provide authority for ... conservation and management of these marine areas ... (3) to support, promote, and coordinate scientific research on ... the resources of these marine areas; (4) to enhance public awareness, understanding, appreciation, and wise use of the marine environment; and (5) to facilitate ... public and private uses of ... these marine areas..."

16 USC 1433 - Sanctuary Designation Standards.

"(a) The Secretary may designate any discrete area of the marine environment as a national marine sanctuary..."

16 USC 1440 - Research, Monitoring and Education.

"(a) The Secretary shall conduct research ... and educational programs ... to carry out the purposes and policies of this title."

"(b) The Secretary shall take such action as is necessary ... to promote and coordinate the use of national marine sanctuaries for research purposes..."

16 USC 1437 - Enforcement.

"(a) The Secretary shall conduct such enforcement activities as are necessary and reasonable to carry out this title."

16 USC 1444 - Authorization of Appropriations.

There are authorized to be appropriated to the Secretary to carry out this chapter the following ... (3) $15,000,000 for fiscal year 1995 ...

Title IV - Regional Marine Research Programs

16 USC 1447 et.seq. - Purposes and Authorization.

"The purpose of this chapter is to...(1) set priorities for regional marine and coastal research...(2) carry out such research through grants and improved coordination."

"For purposes of carrying out the provisions of this chapter, there are authorized to be appropriated $18,000,000 for each of the fiscal years 1992 through 1996."

National Ocean Pollution Planning Act of 1978, as amended.

16 USC 4701 - Findings.

"The Congress finds that - (1) the discharge of untreated water in the ballast tanks of vessels and through other means results in unintentional introductions of nonindigenous species to fresh, brackish, and saltwater environments;"

33 USC 1251 - Goals and Policy.

"The objective ... is to restore and maintain the chemical, physical, and biological integrity of the Nation's waters."

33 USC 1444 - Annual Reports - Report by Under Secretary.

"On October 31 of each year, the Under Secretary shall report to the Congress the specific programs that the National Oceanic and Atmospheric Administration ... carried out pursuant to this subchapter ..."

33 USC 1701 - Findings and Purposes.

"(b) It is ... the purpose of the Congress in this Act (1) to establish a comprehensive 5-year plan for Federal ocean pollution research, development, and monitoring programs... (2) to develop the necessary base of information to support, and to provide for, the rational, efficient, and equitable utilization, conservation, and development of ocean and coastal resources; and (3) to provide for the effective coordination of research conducted to support the preservation and protection of the environmental quality of the Great Lakes, the Chesapeake Bay, Puget Sound, and other estuaries of national significance; and (4) to designate NOAA as the lead Federal agency for preparing the [above] plan..."

33 USC 1703A - National Ocean Pollution Program Office and National Ocean Pollution Policy Board.

"(a)(1) The Under Secretary shall establish ... the National Ocean Pollution Program Office. (2) The Office shall serve as the lead entity responsible for administering the program established under [33 USC 1703] (b)(1) The Under Secretary...shall establish a National Ocean Pollution Policy Board...(2) The Board shall be responsible for coordinated planning and progress review for the program established under [33 USC 1703]."

33 USC 1703 - Comprehensive Federal Plan Relating to Ocean Pollution.

"(a) The Under Secretary ... shall prepare...a comprehensive 5-year plan for the overall Federal effort in ocean pollution research and development and monitoring."

33 USC 1704 - Comprehensive Ocean Pollution Program.

"(a) The Under Secretary shall establish ... a comprehensive, coordinated, and effective ocean pollution research and development and monitoring program."

33 USC 1705 - Financial Assistance.

"(a) The Under Secretary may provide financial assistance in the form of grants or contracts for research and development and monitoring projects or activities which are needed to meet priorities set forth in the Plan..."

33 USC 1709 - Authorization of Appropriations.

[No FY 1994 authorization at this time]

33 USC 2706 - NOAA Oil and Hazardous Substance Spill Cost Reimbursement.

"...the National Oceanic and Atmospheric Administration acts as trustee of said marine environment and/or resources, shall be deposited in the Damage Assessment and Restoration Revolving Fund ... for purposes of obligation and expenditure in fiscal year 1991 and thereafter, sums available in the Damage Assessment and Restoration Revolving Fund may be transferred, upon the approval of the Secretary ..., to the Operations, Research, and Facilities appropriation of the National Oceanic and Atmospheric Administration."

Deep Seabed Hard Mineral Resources Act

30 USC 1401 - Findings and Purposes.

"(b) The Congress declares that the purposes of this Act are ... (3) to establish ... an interim program to regulate the exploration for and commercial recovery of hard mineral resources of the deep seabed by United States citizens; (4) to accelerate the program of environmental assessment of exploration for and commercial recovery of hard mineral resources of the deep seabed and assure that such exploration and recovery activities are conducted in a manner which will encourage the conservation of such resources, protect the quality of the environment, and promote the safety of life and property at sea..."

30 USC 1412 - Licenses for exploration and permits for commercial recovery.

"... the Administrator shall issue to applicants ... licenses for exploration and permits for commercial recovery."

30 USC 1419 - Environmental Assessment.

"...shall expend and accelerate the program assessing the effects on the environment from exploration and commercial recovery activities, including seabased processing, and the disposal at sea of processing wastes..."

30 USC 1424 - Monitoring of Activities of Licenses and Permittees.

"...shall require the licensee or permittee to allow the ...placement of appropriate Federal officers or employees as observers aboard vessels ... in exploration or commercial recovery activities..."

30 USC 1428 - Reciprocating States.

"The Administrator in consultation with the Secretary of State and the heads of other appropriate departments and agencies, may designate any foreign nation as a reciprocating state..."

30 USC 1470 - Authorization of Appropriations.

"There are authorized to be appropriated ... for purposes of carrying out the provisions of ... this title ... $1,525,000 for ... fiscal year 1994."

Magnuson Fishery Conservation and Management Act.

16 USC 1811 - Exclusive Economic Zone P.L. 99-659.

The United States claims and will exercise..., sovereign rights and exclusive fishery management authority over all fish, and all Continental Shelf fishery resources, within the exclusive economic zone... all anadromous species throughout the migratory range of each species beyond the exclusive economic zone... all continental shelf fishery resources beyond the exclusive economic zone.

16 USC 1822(a)(4) - Negotiations.

"The Secretary of State shall, upon the request of and in cooperation with the Secretary, initiate and conduct negotiations for the purpose of entering into international fishery agreements..."

16 USC 1852 - Regional fishery management councils:

"There shall be established,...,eight Regional Fishery Management Councils,..."

16 USC 1852(h).

"Each Council shall.... (1) prepare ... a fishery management plan with respect to each fishery within its geographical area ...; (2) prepare comments on any application for foreign fishing ...; and (3) conduct public hearings ..." and are fairly represented as voting members of the council.

16 USC 1853 - Contents of fishery management plans.

"Any fishery management plan which is prepared by any Council, or by the Secretary, with respect to any fishery, shall - ... (2) contain a description of the fishery,..., any recreational interests in the fishery..., (3) assess and specify the present and probable future condition of..., (4) assess and specify - ..., (5) specify the pertinent data..."

16 USC 1854(e) - Fisheries research.

"The Secretary shall initiate and maintain a comprehensive program of fishery research to carry out and further the purposes, policy, and provisions of this Act. Such program shall be designed to acquire knowledge and information, including statistics, on fishery conservation and management,..."

16 USC 1855 - Staff and administration.

"The Secretary shall provide to each Council such administrative and technical support services as are necessary for the effective functioning of such Council."

16 USC 1861 - Enforcement.

"(a) The provisions of this Act shall be enforced by the Secretary and the Secretary of the department in which the Coast Guard is operating."

"(b) Any officer who is authorized...to enforce the provisions of this Act may...(A) arrest any person, if he has reason to believe that such person has committed an act prohibited...; (B) board, and search or inspect, any fishing vessel which is subject to the provisions of this Act; (C) seize any fishing vessel...used or employed in, the violation of any provisions of this Act; (D) seize any fish...taken or retained in violation of any provisions of this Act; and (E) seize any other evidence related to any violation..."

16 USC 1882 - Authorization of Appropriations P.L. 99-659.

"There are authorized to be appropriated to the Secretary, for purposes of carrying out the provisions of this Act, not to exceed the following sums: ...$77,200,000 for fiscal year 1990; $94,000,000 for fiscal year 1991; $6,500,000 shall be used for enforcement and $5,000,000 to increase research and assessment efforts; for fiscal year 1992 $98,000,000; and $102,000,000 for fiscal year 1993." This authorization applies to 16 USC 1811-1861.

16 USC 3633(c) - Authority and Responsibility.

"...the Secretary shall prepare, as appropriate, all statements, reports, and information required by the Treaty..."

16 USC 3636 - Rulemaking.

"(a) the Secretary,... shall promulgate such regulations as may be necessary to carry out the United States international obligations under the Treaty..."

"(b) the Secretary,... may promulgate regulations applicable to nationals or vessels of the United States..." The word "Treaty" refers to the "Pacific Salmon Treaty Act of 1985"

16 USC 3641 - Authorization of Appropriations.

"There are authorized to be appropriated from time to time such sums as may be necessary for carrying out the purposes and provisions of the Treaty..."

Fish and Seafood Promotion Act of 1986 P.L. 99-659

16 USC 4008 - Establishment of Fisheries Promotional Fund.

There is established in the Treasury of the United States a Fisheries Promotional Fund. The Fund shall be available to the extent provided for in appropriation acts.

There are transferred from the fund to the Fisheries Promotion Fund $750,000 in fiscal year 1987, $3,000,000 in each of the fiscal years 1988 and 1989, and $2,000,000 in fiscal years 1990 and 1991.

Navigation and Navigable Waters

33 USC 706 - Department of Commerce: current information: appropriation.

"There is authorized an expenditure as required,..., for the establishment, operation, and maintenance by the Secretary of Commerce of a network of recording and non-recording precipitation stations, known as the Hydroclimatic Network, whenever...such service is advisable..."

33 USC 851-876 - NOAA Corps.

These statutory provisions authorize the numerous functions inherent in and necessary for the maintenance of the commissioned officer corps of the National Oceanic and Atmospheric Administration. Included in these provisions are authorities pertaining to the authorized numbers in the respective permanent ranks; appointment and promotion of officers; retirement and separation of officers; cooperation with the transfer of officers to military departments; servicemen's and veterans' benefits; and rights, privileges, immunities and benefits of members of the commissioned corps. 33 USC also incorporates provisions under Title 10.

Coast and Geodetic Survey

33 USC 883a - Surveys and other activities.

"...the Secretary...is authorized to conduct the following activities:
(1) Hydrographic and topographic surveys;
(2) Tide and current observations;
(3) Geodetic-control surveys;
(4) Field surveys for aeronautical charts;
(5) Geomagnetic, seismological, gravity, and related geophysical measurements and investigations ..."

33 USC 883b - Dissemination of data: further activities.

"...the Secretary is authorized to conduct the following activities:

(1) Analysis and prediction of tide and current data;
(2) Processing and publication of data...;
(3) Compilation and printing of aeronautical charts...;
(4) Compilation and printing of nautical charts...;
(5) Distribution of aeronautical charts...;
(6) Distribution of nautical charts..."

33 USC 883c - Geomagnetic data; collection; correlation, and dissemination.

"To provide for the orderly collection of geomagnetic data...the Secretary ... is authorized to collect, correlate, and disseminate such data."

33 USC 883d - Improvement of methods, instruments, and equipments; investigations and research.

"...the Secretary ... is authorized to conduct developmental work for the improvement of surveying and cartographic methods, instruments, and equipments; and to conduct investigations and research in geophysical sciences..."

33 USC 883e - Cooperative Agreements for Surveys and Investigations.

"(2) The Secretary of Commerce is authorized to establish the terms of any cooperative agreement entered into ... including the amount of funds to be received ... which the Secretary determines represents the amount of benefits derived ... from the cooperative agreement."

33 USC 883f - Contracts with qualified organizations.

"The Secretary is authorized to contract with qualified organizations for the performance of any part of the authorized functions of the Coast and Geodetic Survey..."

33 USC 883h - Employment of public vessels.

"The President is authorized to cause to be employed such of the public vessels as he deems it expedient to employ, and to give such instructions for regulating their conduct as he deems proper in order to carry out the provisions of this chapter."

33 USC 883i - Authorization of Appropriations.

"There are hereby authorized to be appropriated such funds as may be necessary to acquire, construct, maintain, and operate ships, stations, equipment, and facilities and for such other expenditures, including personal services at the seat of government and elsewhere and including the erection of temporary observatory buildings and lease of sites therefore as may be necessary..."

33 USC 1121 - National Sea Grant College Program Act.

The Sea Grant Act authorizes the awarding of grants and contracts to initiate and support programs at Sea Grant colleges and other institutions for research, education, and advisory services in any field related to the conservation and development of marine resources.

The authorization for appropriation expires at the end of FY 1995.

33 USC 1131 Authorization of Appropriations.

There is authorized to be appropriated not to exceed $51,261,000 for fiscal year 1995.

Title I - Marine Protection, Research and Sanctuaries Act Amendments P.L. 99-272 (Ocean Dumping Act)

33 USC 1441 - Monitoring and research program: reports to Congress.

"The Secretary of Commerce, in coordination with the Secretary of the Department in which the Coast Guard is operating and with the Administrator shall ... initiate a comprehensive and continuing program of monitoring and research regarding the effects of the dumping of material into ocean waters or other coastal waters where the tide ebbs and flows or into the Great Lakes or their connecting waters.

33 USC 1442 - Research program respecting possible long-range effects of pollution, overfishing, and man-induced changes of ocean ecosystems.

(a) Secretary of Commerce.

"The Secretary...,...shall,..., initiate a comprehensive and continuing program of research with respect to the possible long-range effects of pollution, overfishing, and man-induced changes of ocean ecosystems."

33 USC 1443 - Cooperation with public authorities, agencies, and institutions, private agencies and institutions, and individuals.

"The Secretary...shall (1) conduct research ... and ... (2) encourage, cooperate with ... and render financial and other assistance to appropriate public authorities, agencies, and institutions ... and appropriate private agencies and institutions, and individuals in the conduct of, and to promote the coordination of research and other activities ..."

33 USC 1445 - Authorization of appropriations.

"There are authorized to be appropriated...not to exceed $11,114,000 for fiscal year 1989.

Pay and Allowances for Members of Uniformed Services

37 USC 101 et seq. - Pay and Allowances for Members of the Uniformed Services.

Authorizes pay and allowances for members of the NOAA Commissioned Officers Corps.

42 USC 253 - Medical Services for Coast Guard, NOAA, and Public Health Service

This section authorizes health care for NOAA Corps Officers and Wage marine employees.

Weather Bureau

42 USC 1463 -- Meteorological Activities.

The Director of the National Weather Service..."shall ...make observations, measurements, investigations and studies of atmospheric phenomena, and establish such meteorological offices and stations, as are necessary...furnish such reports, forecasts, warnings...and such reports shall be made in such manner and with such frequency as will best result in safety in and in facilitating air navigation...cooperate with persons engaged in air commerce...establish and coordinate the international exchanges of meteorological information required for safety and efficiency of air navigation...participate in the development of an international basic meteorological reporting network...promote and develop meteorological science and foster and support research projects in meteorology through the utilization of private and governmental research facilities..."

Public Health and Welfare

42 USC 1891 - Authorization to make grants.

"The head of each agency of the Federal Government, authorized to enter into contracts for basic scientific research at nonprofit institutions of higher education, or at nonprofit organizations whose primary purpose is the conduct of scientific research, is authorized, where it is deemed to be in furtherance of the objectives of the agency, to make grants...for the support of such...research."

42 USC 7453 - The Clean Air Act.

"(f) (2) Members of the Coordinating Committee shall include the appropriate official responsible for the relevant research efforts of ...

(A) The National Oceanic and Atmospheric Administration ...

(f) (3) The Coordinating Committee shall review and comment on plans for, and the execution and results of, pertinent research and studies..."

42 USC 7454 - The Clean Air Act.

"(a) The Administrator of the National Oceanic and Atmospheric Administration shall establish a continuing program of research and monitoring of the stratosphere for the purposes of early detection of changes in the stratospheric and climatic effects of such changes..."

42 USC 8902 - Interagency Task Force; Comprehensive Program.

"(a) There is hereby established a comprehensive ten-year program to carry out the provisions of this subtitle; and to implement this program there shall be formed an Acid Precipitation Task Force (hereafter in this subtitle referred to as the "Task Force"), of which the Secretary of Agriculture, the Administrator of the Environmental Protection Agency, and the Administrator of the National Oceanic and Atmospheric Administration shall be joint chairmen."

"(c) The Administrator of the National Oceanic and Atmospheric Administration shall serve as the director of the research program established by this subtitle."

42 USC 8903 - Comprehensive Research Plan.

"(a) The Task Force shall prepare a comprehensive research plan for the ten-year program (hereafter in this subtitle referred to as the "comprehensive plan"), setting forth a coordinated program (1) to identify the causes and effects of acid precipitation and (2) to identify actions to limit or ameliorate the harmful effects of acid precipitation."

"(c) The comprehensive plan--

(1) shall be submitted in draft form to the Congress, and for public review, within six months after the date of the enactment of this Act;

(2) shall be available for public comment for a period of sixty days after its submission in draft form under paragraph (1);

(3) shall be submitted in final form, incorporating such needed revisions as arise from comments received during the review period, to the President and the Congress within forty-five days after the close of the period allowed for comments on the draft comprehensive plan under paragraph (2); and

(4) shall constitute the basis on which requests for authorizations and appropriations are to be made for the nine fiscal years following the fiscal year in which the comprehensive plan is submitted in final form under paragraph (3)."

42 USC 8904 - Implementation of the Comprehensive Plan.

"(a) The comprehensive plan shall be carried out during the nine fiscal years following the fiscal year in which the comprehensive plan is submitted in its final form under section 704(c)(3); and..."

42 USC 8905 - Authorization of Appropriations.

"(a) For the purpose of establishing the Task Force and developing the comprehensive plan under section 704 there is authorized to be appropriated to the National Oceanic and Atmospheric Administration for fiscal year 1981 the sum of $5,000,000, to remain available until expended.

(b) Authorizations of appropriations for the nine fiscal years following the fiscal year in which the comprehensive plan is submitted in final form under section 704(c)(3), for purposes of carrying out the comprehensive ten-year program established by section 703(a) and implementing the comprehensive plan under sections 704 and 705, shall be provided on an annual basis in authorization Acts hereafter enacted; but the total sum of dollars authorized for such purposes for such nine fiscal years shall not exceed $45,000,000 except as may be specifically provided by reference to this paragraph in the authorization Acts involved."

Public Lands

43 USC 1347(e) - Safety Regulations.

"The Secretary... shall conduct studies of underwater diving techniques and equipment suitable for protection of human safety and improvement of diver performance. Such studies shall include, but need not be limited to, decompression and excursion table development and improvement and all aspects of diver physiological restraints and protective gear for exposure to hostile environments."

Public Printing and Documents

44 USC 1307 - Sale and Distribution of NOAA Nautical and Aeronautical Products.

"All nautical and aeronautical products created or published ... shall be sold at ... prices ... the Secretary of Commerce shall establish annually ... so as to recover all costs attributable to data base management, compilation, printing, and distribution of such products."

Transportation

49 App USC 1153 - Training of foreign nationals in aeronautical and related subjects.

"Subject to the concurrence of the Secretary of State, the Secretary of Transportation, and the Secretary of Commerce, within their respective fields, are authorized within or outside the United States to train foreign nationals directly, or in conjunction with any other United States Government agency, or through any United States public or private agency..., or through any international organization, in aeronautical and related subjects essential to the orderly and safe operation of civil aircraft."

Weather Bureau

49 USC 1463 - Director of the National Weather Service.

"shall make observations, measurements, investigations and studies of atmosphere phenomena, and establish such meteorological offices and stations, as are necessary ... furnish reports, forecasts, warnings ... cooperate with persons engaged in air Commerce ... establish and coordinate the International exchanges of meteorological information ... and promote and develop meteorological science and foster and support research projects through the utilization of private and governmental research facilities..."

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Advance Short-Term Forecast & Warning Services:											
Short-Term Base Funding	Pos./BA	4,801	451,525	4,698	431,506	4,698	452,222	4,571	438,958	(127)	(13,264)
	FTE/Obl.	4,553	372,123	4,522	447,369	4,522		4,400		(122)	
Complete NWS Modernization	Pos./BA	1,557	264,220	953	388,445	953	388,445	1,139	419,103	186	30,658
	FTE/Obl.	1,477	329,924	918	395,334	918		1,097		179	
Satellite Continuity	Pos./BA	3	159,116	2	139,162	2	139,166	2	159,241	0	20,075
	FTE/Obl.	3	136,409	2	139,203	2		2		0	
Enhance Observation & Prediction	Pos./BA	476	57,523	494	57,184	494	59,560	486	54,985	(8)	(4,575)
	FTE/Obl.	451	54,088	476	61,335	476		468		(8)	
Improve Application & Dissemination	Pos./BA	0	735	0	761	0	774	0	774	0	0
	FTE/Obl.	0	736	0	776	0		0		0	
Subtotal, Advance Short-Term Forecast & Warning Services:	Pos./BA	6,837	933,119	6,147	1,017,058	6,147	1,040,167	6,198	1,073,061	51	32,894
	FTE/Obl.	6,484	893,280	5,918	1,044,017	5,918		5,967		49	

The first line for each entry represents permanent positions and budget authority; the second line reflects full-time equivalent employment and obligations. The second line contains data only when amounts are different from the permanent position and budget authority amounts.

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Environmental Assessment and Prediction
Advance Short Term Forecast and Warning Services

Vision Statement

Advances in NOAA's operational environmental observing and prediction systems will immediately improve weather forecasts ranging from a few minutes to several months in advance and mitigate the adverse effects of the environment on our Nation's people and economy. Over the next decade, the following three actions are essential to attain NOAA's vision for short-term forecast and warning services: (1) completion of the modernization and restructuring of the NWS, (2) strengthening of NOAA's environmental observing, research, and prediction systems in all areas of the environment and, (3) improvement of the dissemination of products and services. Weakness in any of these actions will decrease the quality of all forecasts and warnings and hence, the long-term benefits to the Nation.

Proposed Legislation

No Legislation is proposed for this initiative.

Base Program FY 1995

Complete NWS Modernization: The objectives of this element are to provide timely and accurate meteorological, hydrologic, and marine warnings, forecasts and planning information to ensure the safety of the population, mitigate property losses, and improve the economic efficiency of the Nation.

NOAA provides around-the-clock weather and flood warning and forecast services to the general public for the protection of life and property and to meet the needs of all segments of the economy. Weather services are provided by a national network of 52 Weather Service Forecast Offices (WSFOs), 13 River Forecast Centers (RFCs), and approximately 200 small, localized weather offices. These offices collect data, prepare state and local warnings and forecasts, and disseminate information to the population both directly and indirectly through the mass media. Data, analyses, forecasts, and outlooks used by field forecasters to prepare local forecasts are processed centrally by the National Meteorological Center (NMC). NWS's core mission also depends on the study, development, and testing of new methods for improving basic warnings and forecast capabilities through research.

NOAA is well underway toward completing the largest modernization and restructuring effort in the history of the NWS. The process of modernization and restructuring was prompted by two factors: (1) the need to apply advances in hydrometeorological science and technology to operational forecasting, and (2) the need to replace obsolete and increasingly unreliable equipment. These replacement systems coupled with observations from planned, advanced geostationary satellites and newly developed mesoscale forecasting techniques, will improve greatly the timeliness and accuracy of severe weather and flood warnings to the U. S. public.

A Strategic Plan for the Modernization and Associated Restructuring of the National Weather Service was submitted to Congress in 1989. Implementation of the plan will optimize efficiency and effectiveness of the mesoscale warning and forecast program. It also will include an operational demonstration and evaluation program as required by Public Law 102-567 to refine operational procedures and resolve implementation issues best addressed through actual field experience. The National Implementation Plan, updated annually and submitted to Congress, provides a planning framework and general strategies for accomplishing the transition.

The GOES 7 (GOES-East), launched in February, 1987, is the only geostationary operational satellite remaining in service. Subsequent GOES satellites (the GOES I-M series) will have a five-year design life.

The following launch schedule is provided for planning purposes:

PLANNING LAUNCH SCHEDULE - GEOSTATIONARY SYSTEM

GOES-I	CY 1994
GOES-J	CY 1995
GOES-K	CY 1999
GOES-L	CY 2000
GOES-M	CY 2004

Actual replacement launch dates are dependent on performance of previous spacecraft in orbit.

NOAA has entered into an agreement with Europe for the use of a European geostationary satellite, Meteosat, to back up GOES 7 until the GOES I-M series is available to replace it. This backup system includes the ground-based equipment needed to command and control the Meteosat spacecraft and process the data required for the user community. The implementation of this cooperative program was completed in February, 1993.

New ground system components will be required for GOES I-M because this series has a more complex design and more advanced observing capabilities than GOES 7. The three-axis stabilized design also places greater demands on spacecraft command and control. During the period that both GOES 7 and GOES I are providing operational service, NOAA must operate and maintain both the current ground system and the new ground system established for the GOES I-M series. After GOES 7 completes its operational lifetime, the older ground system will be deactivated and the new ground system will support the GOES system into the beginning of the next century.

The interrelationships of all of the transition activities--facilities preparation, staffing augmentation, training, commissioning of systems, and realigning operations and services--have been planned to implement the most efficient transition possible. The NWS modernization effort involves internal NWS activities and multiple contractor efforts. Internal activities include the provision for land, facilities, software, training, staffing, and new operational procedures. Major systems upgrades are being procured through external contractors who also provide software and training related to systems operations.

The modernization and associated restructuring of the NWS will provide tangible benefits to the country in both quantifiable and non-quantifiable forms. Benefits of $7 billion per year once modernization is complete as identified in a recent NIST benefit/cost study, include 1) an enhancement in the value of weather information to the public; and 2) economic benefits due to improvements in weather forecasting which enable decision makers in various sectors of the economy (e.g., aviation, agriculture, construction, and manufacturing) to take action to avoid weather-caused losses. Non-quantifiable benefits include 1) a reduction in weather-related fatalities expected due to improvements in warning credibility, lead times and geographical specificity; and 2) new avenues of hydrometeorological research within the Government, the private sector, and academia, that will be possible because of the vast amount of new observation data that modernization will bring.

Accomplishments (cumulative)

	FY 1993	FY 1994	FY 1995	Total
NEXRAD (NWS systems)				
Delivered	37	73	108	115
Accepted	28	61	98	115
ASOS (NWS systems)				
Installed	89	183	245	257
Accepted	79	176	245	257
WFO Facilities				
Built/Leased	36	74	111	117
Completed	31	69	109	117

Accomplishments in FY 1994

- Establish initial NEXRAD depot repair capability.
- Install Class VII supercomputer.
- Complete cost/benefit study for the Class VIII (currently planned for an FY 1997 installation).
- Complete preliminary design reviews and software functionality verification testing for AWIPS/NOAAPORT.
- Launch GOES I during third quarter of FY 1994 and complete initial on-orbit check out.

- Complete GOES-J instrument testing and shipment to prime contractor.
- Complete integration of GOES-J spacecraft/instruments and begin system level testing.

Satellite Continuity: The objectives of this element include the procurement, launching, and operation of the polar-orbiting and the post-GOES-M geostationary satellites, and procurement, operation, and maintenance of their associated ground systems. These satellites provide environmental data for a wide range of national and international applications, including weather forecasts and warnings produced by the National Weather Service. This element also includes processing and analysis of the satellite data, dissemination of the data to users, research to improve the satellite system capabilities, studies to define future system needs, and operation of the Search and Rescue program to locate ships and aircraft in distress.

Procurement of the NOAA polar-orbiting and geostationary satellites is a cooperative venture between NOAA and NASA. NOAA as the operating agency represents the user and defines the basic requirements for the system. NASA, as the agency with multi-disciplinary engineering expertise, develops detailed specifications and procures and arranges for launches of the spacecraft. NASA is reimbursed for these services by NOAA. NOAA-J will be launched on an Atlas vehicle obtained from the Air Force; NOAA K through N prime are planned to be launched on Titan II vehicles, also procured by the Air Force through NASA. Geostationary satellites are launched on commercial Atlas Centaur launch vehicles procured through NASA.

The polar-orbiting NOAA 11, launched in September 1988, and NOAA-12, launched in May 1991, are the current operational satellites. The subsequent satellites, NOAA J and the NOAA KLM series, will provide polar-orbiting satellite coverage through the late 1990's. Two additional NOAA KLM series satellites, NOAA-N and N Prime, are in the early procurement phase. The follow-on series which will succeed NOAA N Prime, is in the initial stages of design and procurement. An agreement in principle has been reached with Europe (EUMETSAT) to provide the platform for the morning segment of the post NOAA-M program.

The following launch schedule for the polar-orbiting system is for planning purposes only:

PLANNING LAUNCH SCHEDULE - POLAR SYSTEM

NOAA-J	CY 1994
NOAA-K	CY 1995
NOAA-L	CY 1997
NOAA-M	CY 1998
NOAA-N	CY 2000
NOAA-N Prime	CY 2003

Actual replacement launch dates are dependent on performance of previous spacecraft in orbit.

Accomplishments in FY 1994

- Launch NOAA-J.
- Complete initial on-orbit check out of NOAA-J.
- Deliver all NOAA K and L flight instruments to spacecraft contractor for integration.

In FY 1995, NOAA will initiate a procurement of two additional GOES I-M type satellites to assure continuity of geostationary satellite coverage over the Western Hemisphere. These satellites will include upgraded instrumentation to meet evolving NWS requirements. The first of these satellites, GOES M' must be available by 2002 to assure continuity in case of a launch failure or an early in-orbit failure.

Enhance Observation and Prediction:

This element provides the basis for developing and incorporating the latest advances in science and technology into NOAA's operational capabilities. It includes: (1) development and evaluation of new, cost-effective atmospheric and oceanic observing systems; (2) development and verification of numerical models and other techniques for predicting environmental conditions, including severe weather, coastal phenomena, and geomagnetic storms; (3) development of communications, data acquisition, analysis, and display systems; and (4) improved understanding of the atmosphere's and ocean's physical processes and their interaction at the air/water interface. NOAA organizations involved in this element include six Environmental Research Laboratories, the Coastal Ocean Program Office, and several operational components of the NWS, NOS, and NESDIS.

Improved forecasts and warnings on all time scales require more frequent and higher-density observations, faster communications, and better local data-handling systems. NOAA is substantially upgrading its ability to collect weather data. Supporting research is conducted to obtain better observations of the atmosphere and to integrate them into improved physical descriptions of the atmosphere for use in weather forecasting and further research. Improved forecasts and warnings also require sound models and specific forecasting techniques based on research findings that assist meteorologists (and their computer systems) to recognize precursors to various events. In support of the U. S. Weather Research Program, NOAA is developing models that predict atmospheric behavior on several scales.

As stated in NOAA's June 1993 Coastal Forecast System (CFS) Strategic Plan, the goal of the CFS is to improve NOAA's ability to measure, understand, and predict coastal environmental phenomena that impact public safety, the national economy, and environmental management. Although NOAA's line offices have many individual capabilities which could serve as building blocks for a regionally based CFS, integration of these base-level efforts into a focused R&D program has been lacking. In FY 1994, however, the Coastal Ocean Program Office will lead a NOAA-wide effort to define system requirements and integrate or redirect, as necessary, ongoing NOAA activities into a more coherent approach. This is in line with the CFS Strategic Plan and its four major components: System Design; R&D; Operations; and Information Dissemination.

NOAA provides solar-terrestrial services consisting of: (1) forecasts and warnings of solar disturbances and their effects on communications, electronic navigation, power distribution networks, and space operations and (2) observations, data bases, forecast and information products, and dissemination systems for these data and products. NOAA monitors the space environment in real time, using satellite and ground-based data streams collected by a computer system that processes, integrates, stores, and displays solar geophysical data from several national and international sources.

Accomplishments in FY 1994

- Continue development of new atmospheric remote sensors and techniques.
- Continue development of advanced data integration and assimilation techniques.
- Utilize new weather data sets to understand the behavior of severe weather events on all scales.
- Begin CFS design process by: (1) determining system requirements and (2) integrating ongoing efforts into a more cohesive R&D program.

Improve Application and Dissemination: A wide range of dissemination systems are used, including NOAA Weather Radio (NWR), NOAA Weather Wire Service (NWWS), and telephones to distribute severe weather and flood warnings, forecasts, and other meteorological, hydrological, and oceanographic data to the public, disaster agencies, news media, industry, and other government agencies. These dissemination systems are essential to the prompt delivery of warnings and forecasts to enable the public to take timely action to preserve life and property. In the case of NWR, over 380 VHF broadcast stations provide continuous broadcasts directly to the public. NWWS provides prompt delivery of warnings, forecasts, and other information to the mass media for relay to the public by way of commercial radio, television, and large-volume telephone recordings.

New dissemination capabilities have resulted from Next Generation Weather Radar (NEXRAD). Through NEXRAD Information Dissemination System (NIDS), NEXRAD products are available to the public through NIDS vendors. When the Advanced Weather Interactive Processing System (AWIPS) is available, NOAAPORT, a communication system, will distribute remapped GOES data and expanded forecast guidance materials to Weather Forecast Offices in near real-time. NOAAPORT will also transmit other environmental data to NOAA field offices and to U. S. industry and researchers.

Through their individual and cooperative efforts, NOAA's Sea Grant College programs have worked to increase awareness of coastal hazards and reduce risks. Through research, technical development, and outreach, a growing coastal population can better understand the dynamic and hazardous coastal environment and receive the information that is needed to minimize exposure, facilitate recovery, and mitigate potential losses from extreme events. For example, throughout the Southeast, Sea Grant programs have been working to help develop hurricane evacuation plans, identify inadequate public shelters, improve coastal building codes and standards, understand the history and nature of coastal storms, and contribute to the preparedness and recovery needs of affected communities.

Accomplishments in FY 1994:

- Expand NOAA Weather Radio coverage by (1) identifying coverage gaps and priorities and (2) conducting a cooperative pilot project in Florida.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Flash Flood Warnings			
Lead Time (minutes)	15	18	25
Accuracy (percent)	55	60	70
No Lead Time (percent)	70	60	45
Severe Thunderstorm Warnings			
Lead time (minutes)	13	14	15
Accuracy (percent)	70	72	75
Tornado Warnings			
Lead Time (minutes)	7	8	9
Accuracy (percent)	47	53	60
Severe Coastal Events Warnings			
Hurricanes			
Accuracy of landfall (km) with 24 hour lead time	185	185	175
Inland Waters (including Great Lakes)			
Flood Mitigation			
High Risk Locations (6,000)			
percent forecasts available	50	50	50
percent improved services	0	0	0
Water Management			
Significant Forecast Locations (4,000)			
percent forecasts available	18	18	18
percent improved services	0	0	0

POLAR SYSTEM

(Dollar amounts in thousands)

	FY 93 & Prior	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	TO COMPLETE	ALL YEARS
NOAA A-J:									
Spacecraft	333,126	5,000							338,126
Launching	151,826	12,800							164,626
	484,952	17,800							502,752
NOAA KLM:									
Spacecraft	331,536	36,913	36,014	30,068	21,414	14,520	10,561	1,125	482,151
Launching	70,003	10,877	2,850	17,240	16,760	2,410	18,930	—	139,070
	401,539	47,790	38,864	47,308	38,174	16,930	29,491	1,125	621,221
NOAA N&N'	17,187	62,510	102,114	119,816	98,397	83,647	37,094	93,170	613,935
Follow-on System	22,282	5,900	11,400	113,100	124,000	139,000	139,000	620,231	1,174,913
Data Management			1,700						1,700
Ground Systems (A-M)	49,516	5,000	5,000	5,000	5,000	3,000	—	—	72,516
Total Program	975,476	139,000	159,078	285,224	265,571	242,577	205,585	714,526	2,987,037

GEOSTATIONARY SYSTEM

(Dollar amounts in thousands)

	FY 93 & Prior	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	TO COMPLETE	ALL YEARS
GOES:									
Spacecraft(I-M)	853,509	79,110	82,483	79,847	44,051	34,794	35,009	70,035	1,278,838
Launching(I-M)	156,978	35,490	41,200	29,500	38,010	48,000	34,850	153,150	537,178
Data Management			1,000						1,000
Product Develop.			2,600						2,600
Follow-on			3,485	109,511	101,590	101,563	102,000		418,149
Subtotal	1,010,487	114,600	130,768	218,858	183,651	184,357	171,859	223,185	2,237,765
Ground Systems	59,969	9,146	7,279	3,254	1,266	684	—	—	81,598
Total, ORF Approp.	1,070,456	123,746	138,047	222,112	184,917	185,041	171,859	223,185	2,319,363

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Advance Short Term Forecasts and Warnings	5,918	$1,105,751	5,967	$1,091,358	49	($14,393)
ORF	5,918	1,040,167	5,967	1,073,061	49	32,894
Construction	0	65,584	0	18,297	(0)	(47,287)

NOAA's present ability to predict short-term environmental changes accurately is restricted by observations that are incomplete in both time and space dimensions. *NOAA must begin now to commit itself to a fully integrated, total short-term prediction system by the year 2005 and support efforts in areas previously considered as peripheral adjuncts to modernization of the National Weather Service.* This will involve improving its observational systems, developing a better understanding of environmental processes, and enhancing predictive models and dissemination systems in a comprehensive approach for the total environment.

Net changes in this initiative total +49 FTE and -$14,393. Included in these figures are FTE and administrative reductions of -20 FTE and -$7.34 million.

Complete the NWS Modernization: (+179 FTE; -$16,629,000)

NWS is in a critical stage in deploying its new technologies. Offices that already have the new equipment and trained personnel have documented significant service improvements. During FY 1995, NOAA will acquire all but 2 of the new offices for future WFOs and RFCs; install 35 additional Doppler radars (bringing the total to 108); increase the number of NWS ASOS units to 245 which will complete the NWS base program; begin installing the first 8 AWIPS; and increase staffing levels in new offices to use the new technologies effectively. Outyear efforts will focus on completing the full NWS Modernization, including the production and launch of GOES I-M series of spacecraft.

Satellite Continuity: (0 FTE; +$20,075,000)

During FY 1995-1999, NOAA will continue the procurement of polar orbiting spacecraft, launch services, and ground systems including commencing the follow-on series. Included also in this element is the commencement of the procurement of two post GOES I-M spacecraft to assure continuous geostationary coverage until the next series of satellites is available. These purchases include sufficient spacecraft, launch and ground resources, including evolutionary growth, to ensure continuity of satellite services. The FY 1995 request for this element is $159.2 million, an increase of $20.1 million from the base.

Enhance Observations and Prediction: (-8 FTE; -$4,575,000)

During FY 1995, progress toward the long-range goal of improving the short-term forecasts and warning services provided to the Nation will occur through a combination of scientific, technologic, and programmatic advances in the following areas:

NOAA will provide a national capability to measure, understand, and forecast coastal environmental phenomena that affect the economy, public safety, and environmental management through better observations, models, and forecasts for coastal regions. In FY 1995, NOAA will continue ongoing efforts to integrate developmental efforts in coastal forecasting capabilities with operational NOAA elements, including implementation of the Great Lakes Forecast System and completion of a feasibility study for the east coast. Outyear efforts will focus on developing the end-to-end system of four components: system design, modeling and technology development, observational systems, and user services.

The Great Flood of 1993 has dramatized the need for improved predictions to support flood management and damage mitigation. Allocation of water among competing needs looms as a National problem that demands improved water resources management and forecasts, especially during droughts. NOAA will proceed with a phased implementation in the Mississippi River basin of a Water Resources Forecasting System. WARFS will build on existing infrastructure, the NWS modernization, and partnerships with NOAA cooperators to complete the development of an advanced hydrologic prediction capability that will provide substantially improved information for flood and drought mitigation management of inland waters, large lakes and estuaries. $1,500,000 will be redirected from base operations to support this effort in FY 1995.

Radiosonde Upper-air Network Replacement - An increase of $1,344,000 is requested to begin the replacement of the radiosonde network. The current radiosonde network provides the principal data source for all U.S. weather forecasts. The system, which dates back to the 1950s, is obsolete and in part no longer maintainable. The network must be replaced entirely. In FY 1995, a contract will be initiated for a limited production of ground tracking systems and launch shelters. The procurement of the remaining systems needed for complete network replacement will occur during FY 1996 and FY 1997, with associated field implementation and disposal of the old equipment completed by FY 1999. Data continuity with the existing systems will be assured.

Weather Research - An increase of $2,085,000 is requested to maintain critical components of the weather research programs located in Colorado, Oklahoma, New Jersey and Florida. These funds would: (1) Refine environmental technologies for observing the atmosphere. This would focus on developing new instruments to remotely and frequently observe winds, temperature, and humidity in the upper atmosphere needed for improved weather forecasts and services. (2) This would also enable NOAA to support its research Doppler Radar in Norman, OK, critical for developing and testing NEXRAD radar algorithms/techniques used for improved NEXRAD detection of severe weather. (3) Offset recent losses in funds needed to develop and deploy mobile weather observation systems. Such systems have made significantly positive contributions to our weather forecasting ability. (4) Allow for research to better understand the atmospheric processes that trigger severe weather, which is essential for developing improved numerical weather prediction models and forecasting techniques, (5) Address the current obsolescence faced by NOAA's data handling and analysis facility in Denver, CO. This is critical for fully developing AWIPS forecaster workstations used to rapidly process and display weather information. The small investment in the activities listed above will help assure the success and maximize the benefits of the multi-billion dollar NWS modernization program and, keep NOAA as a leader in environmental services technology.

Space Environment Operations - NOAA requests an increase of $490,000 to maintain full-time operation (24 hours/day, 7 days/week) of NOAA's Space Environment Services Center (SESC). The SESC provides space weather data, forecasts, and warnings to a broad user community of government agencies, industries, and private individuals engaged in satellite operations, space exploration, international navigation, high-altitude polar flights, high-frequency radio communications, remote surveillance, and electric power distribution. Space weather variations and geomagnetic storms can strike at any time of the day, year round. Potential impacts of a major storm not being forecast due to its occurrence during an unstaffed shift could include major losses, such as satellite failure or electrical power blackouts over major regions of the country. Therefore, it is crucial that the SESC be able to provide forecasts and warnings to users on a continuous basis.

Decreases are requested for the following lower priority programs:

Wind Profiler Demonstration Network - NOAA proposes a decrease of $4,350,000 to discontinue the operation of the Wind Profiler Demonstration Network (WPDN). Although the value of wind profiler data in operational weather forecasting has been demonstrated, it is not likely that acquisition and operation of a national system could be supported given the current budgetary climate. Therefore, there is no longer a need to operate the WPDN.

Weather Modification Program - A decrease of $3,000,000 is requested to terminate the North Dakota, Utah, Nevada, Illinois, Arizona, and Texas weather modification grants. This type of state-oriented cloud physics and precipitation research is more appropriately the responsibility of the individual states receiving direct benefits.

Southeastern Storm Research - A decrease of $372,000 is requested to terminate grant funding for research on understanding and predicting severe thunderstorms and tornadoes in the southeastern U.S. NOAA already has a comprehensive program of research in thunderstorms and tornadoes which is applicable to areas across the United States. Although region specific research does contribute to some extent to the overall program of understanding of mesoscale weather phenomenon, virtually none of these funds support NOAA's base program in severe weather research.

California Data Buoys - A decrease of $140,000 is requested to discontinue operation and maintenance of marine observation buoys located off the California coast as they are considered low priority data sources.

Short-Term Base Funding: (-122 FTE; -$13,264,000)

The Short-Term operating base budget is reduced by $15.0 million and 110 FTEs. The new modernized technology is being installed in the field. The significant service improvements that have resulted from the new technology obviate many of the fears and concerns that degradation of services might result from the transition of the old structure to the new. Because of the success of the new technology, the NWS, staying within the spirit of Public

Law 102-567, will reduce operating expenses by $15.0 million in FY 1995. At the same time, modernization goals will be pursued in the most economic, efficient manner possible to ensure that weather stations receiving new radars and equipment are adequately staffed to use the new technology effectively.

A decrease of $231,000 is also requested in the Susquehanna River Flood System program to reflect requirements at the FY 1994 President's budget level, as is the termination of funding for repairs to the American Samoa weather facilities (-$200,000).

Systems Program Office - NOAA requests an increase of $1,414,000 to fully fund the personnel costs of the original complement of 36 positions created as part of the FY 1991 reprogramming.

Increased funding is requested to maintain current operations at the NWS National centers (+$2,228,000), for GOES product development efforts within NESDIS (+$1,547,000), and to support on-going atmospheric and hydrological research efforts (+$176,000).

In addition, the amount of $1,500,000 will be redirected from NWS base operations to begin implementation of existing water resources forecast system (WARFS) technology for flood and drought mitigation in the upper Mississippi basin. WARFS is a component of the "Enhance Observations and Predictions" element.

Benefits to the Nation

The environmental observing technologies that will result from this initiative will help to improve future environmental predictions significantly. Moreover, they will allow for economic growth, further development of "high tech" industries and will help maintain our Nation at the forefront of advanced environmental technology development. The following provide specific benefits expected as a result of the pursuit, and achievement, of the goals of this initiative:

At the request of NOAA, the National Institute of Standards and Technology conducted a study entitled "**Benefit-Cost Analysis for the Modernization and Associated Restructuring of the National Weather Service**" which shows that the economic benefits to the Nation are about eight times greater than the costs to modernize. The study also shows that once the modernization is completed, the Nation will realize benefits valued at over $7 billion per year by various segments of the U.S. economy, such as aviation, agriculture, construction, manufacturing, and transportation.

The continuity of NOAA polar orbiting and geostationary satellites provides regular and reliable, global and local, operational, observations to support the analysis and forecasting needs of this initiative. The new data acquisitions envisioned in FY 1995 are critical in monitoring the health of the coasts, protecting endangered species, monitoring marine resources, and improving marine and atmospheric forecasts.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
Flash Flood Warnings					
Lead Time (minutes)	25	28	29	30	32
Accuracy (percent)	70	78	82	85	87
No Lead Time (percent)	45	37	33	30	28
Severe Thunderstorm Warnings					
Lead time (minutes)	15	18	19	20	20
Accuracy (percent)	75	80	83	85	87
Tornado Warnings					
Lead Time (minutes)	9	10	11	12	12
Accuracy (percent)	60	67	72	75	77
* Severe Coastal Event Warnings					
Hurricanes					
Accuracy of landfall (km) with 24 hour lead time	175	155	145	135	135
Inland Waters (including Grt Lakes)					
Flood Mitigation					
High Risk Locations (600)					
percent forecasts available	50	50	53	53	53
percent improved services	0	0	3	3	3
Water Management					
Significant Forecast Locations (4000)					
percent forecasts available	18	18	20	20	20
percent improved services	0	0	5	5	5

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Element: Advance Short-term Forecast and Warning Services
Program Change: Advance Short-term Forecast and Warning Services

Title:		Grade	Number	Annual Salary	Total Salaries
Meteorologist		15	(26)	69,427	(1,805,102)
Meteorologist		14	(34)	59,022	(2,006,748)
Meteorologist		13	(36)	49,947	(1,798,092)
Meteorological Technician		12	(39)	42,003	(1,638,117)
Total			(135)		(7,248,059)
Less Lapse	4.00%		(5)		(289,922)
Total Full-Time Permanent			(130)		(7,537,981)
1995 Pay Adjustment (1.6%)					0
Total					($7,537,981)

Personnel Data	Number
Full-Time Equivalent Employment	
Full-time permanent	(130)
Other than full-time permanent	0
Total	(130)
Authorized Positions :	
Full-time permanent	(135)
Other than full-time permanent	0
Total	(135)

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Element:	Advance Short-term Forecast and Warning Services
Program Change:	Advance Short-term Forecast and Warning Services

Title:		Grade	Number	Annual Salary	Total Salaries
Manager		ES-01	1	$96,830	$96,830
Meteorologist		15	72	$69,427	4,998,744
Meteorologist		13	70	49,947	3,496,290
Management Analyst		13	6	49,947	299,682
Engineer		13	10	49,947	499,470
Meteorological Technician		11	3	35,045	105,135
Clerical		4	24	17,086	410,064
Total			186		9,906,215
Less Lapse	4.00%		7		396,249
Total Full-Time Permanent			179		10,302,464
1995 Pay Adjustment (1.6%)					164,839
Total					$10,467,303

Personnel Data	
Full-Time Equivalent Employment	
Full-time permanent	179
Other than full-time permanent	0
Total	179
Authorized Positions :	
Full-time permanent	186
Other than full-time permanent	0
Total	186

Exhibit 15

Department of Commerce
Advance Short-term Forecast and Warning Services
Operations, Research, and Facilities
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: Advance Short-term Forecast and Warning Services
Program Change: Advance Short-term Forecast and Warning Services

	Object Class	1995 Decrease
11	Personnel Compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	(7,538)
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	
12.1	Civilian personnel benefits	(7,538)
13	Benefits for former personel	(5,058)
21	Travel and transportation of things	
22	Transportation of things	(368)
23.1	Rental payments to GSA	(233)
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	(285)
24	Printing and reproduction	(3,092)
25.1	Consulting services	(106)
25.2	Other services	(14)
26	Supplies and materials	(8,366)
31	Equipment	(1,375)
32	Lands and structures	(41,660)
33	Investments and loans	
41	Grants, subsidies and contributions	(25)
42	Insurance claims and indemnities	(3,472)
43	Interest and dividends	
44	Refunds	
99	**Total Obligations**	(71,592)

Exhibit 15

Department of Commerce
Advance Short-term Forecasts and Warning Services
Operations, Research, and Facilities
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: Advance Short-term Forecast and Warning Services
Program Change: Advance Short-term Forecast and Warning Services

	Object Class	1995 Increase
11	Personnel Compensation	
11.1	Full-time permanent	10,467
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	10,467
12.1	Civilian personnel benefits	2,053
13	Benefits for former personel	
21	Travel and transportation of things	1,466
22	Transportation of things	2,706
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	4,091
24	Printing and reproduction	(57)
25.1	Consulting services	2,668
25.2	Other services	72,423
26	Supplies and materials	(273)
31	Equipment	9,050
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	(108)
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total Obligations**	104,486

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Build Sustainable U.S. Fisheries											
Assessing the Status of Fishery Resources	Pos./BA	1,502	163,575	1,534	135,494	1,534	139,678	1,451	155,422	(83)	15,744
	FTE/Obl.	1,424	134,647	1,476	142,195	1,476		1,395		(81)	
Advancing Fishery Prediction	Pos./BA	105	11,866	6	11,688	6	11,911	9	12,745	3	834
	FTE/Obl.	100	11,662	6	11,902	6		9		3	
Managing for Economic Growth	Pos./BA	357	64,293	372	43,537	372	44,575	383	53,309	11	8,734
	FTE/Obl.	338	46,722	358	45,962	358		368		10	
Ensuring Adequate Compliance	Pos./BA	152	11,163	143	12,000	143	12,494	168	16,886	25	4,392
	FTE/Obl.	144	11,163	138	12,000	138		162		24	
Reducing Bycatch	Pos./BA	46	4,016	17	6,157	17	6,236	17	5,515	0	(721)
	FTE/Obl.	44	5,949	16	6,325	16		16		0	
Aquaculture	Pos./BA	112	2,113	27	16,313	27	16,351	28	5,849	1	(10,502)
	FTE/Obl.	107	17,521	26	16,886	26		27		1	
UNCED Activities (Fisheries Related)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Build Sustainable U.S. Fisheries	Pos./BA	2,274	257,026	2,099	225,189	2,099	231,245	2,056	249,726	(43)	18,481
	FTE/Obl.	2,157	227,664	2,020	235,270	2,020		1,977		(43)	

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Environmental Stewardship
Build Sustainable Fisheries

Vision Statement

NOAA's vision for the next decade is to greatly increase the Nation's wealth and the quality of life of millions of Americans, through sustainable fisheries and a healthy fishing industry that provides safe and wholesome seafood and recreational opportunities. This vision includes sound, comprehensive scientific information to focus policy decisions, rather than allowing scientific uncertainty to fuel controversy and confusion. It includes the ability to implement ambitious fishery management plans, now being prepared by eight Congressionally-established Fishery Management Councils. These plans will attack problems of uncontrolled participation in fisheries, overcapitalization, overfishing, resource depletion, controversial allocation decisions, and wasteful bycatch of non-target species. To support implementation of these fishery management plans, NOAA will develop, with Congress, Fishery Management Councils, and the industry itself, innovative approaches which might be used to mitigate inevitable short-term costs during rebuilding, which will be repaid many times over in the long term. Finally, this vision includes a U.S. marine aquaculture industry growing at least at the global rate and the use of aquaculture techniques as an additional tool to help restore depleted populations.

Billions of dollars in potential economic growth, hundreds of thousands of jobs, countless recreational fishing opportunities, and potential reductions in the Nation's multi-billion dollar trade deficit in fishery products are being foregone as a result of overfishing and overcapitalization. Even those fisheries that are producing a large catch are doing so inefficiently. Still other fishery resources are underutilized, which also wastes potential economic growth. The National Marine Fisheries Service (NMFS) 1992 report, Our Living Oceans: The Status of U.S. Living Marine Resources, indicates that of 156 assessed fishery resources, 43 percent are overutilized and 18 percent are underutilized. There is insufficient scientific information to assess 34 percent of all U.S. fishery resources. U.S. fisheries are troubled by wasteful "bycatch" of non-target species, including marine mammals and endangered species of sea turtles, which are accidentally killed by some common fishing methods. They also are troubled by extremely controversial allocation decisions. Finally, commercial fishing claims many lives each year. For example, in Alaska's commercial fisheries 25, to 35 fishermen die each year, representing a mortality rate more than 50 times the national average.

Proposed Legislation

Legislation will be proposed to reauthorize the Magnuson Fishery Conservation and Management Act (MFCMA), P.L. 94-265. Legislation also will be proposed to provide the Bonneville Power Administration (BPA) with the authority to generate the required funding for the operation and maintenance of the Columbia River hatcheries. NOAA will maintain its oversight and control of the hatcheries though the administration of the funding provided by the BPA. Legislation also will be proposed, to collect additional fees to be deposited in a special fund in the Treasury to help offset the cost of living marine resource programs.

Base Program FY 1995

To achieve the vision for building sustainable fisheries, NOAA conducts programs to:

- Assess the Status of Fishery Resources
- Advance Fishery Predictions
- Manage for Economic Growth and Promote a Healthy Fishing Industry
- Ensure Adequate Compliance
- Reduce Bycatch
- Accelerate the Growth of U.S. Aquaculture.

Assess the Status of Fishery Resources: Fisheries within 200 nautical miles of the coastline of the U.S. contribute billions of dollars each year to the Nation's economy. Major resources include: highly migratory and coastal pelagic fishes, reef fish, lobster, groundfish, crab, herring, mackerel, shrimp, clams, scallops, and salmons. Under the Magnuson Fishery Conservation and Management Act (MFCMA) and other statutes and international treaties, the National Oceanic and Atmospheric Administration (NOAA) is responsible for providing the scientific and technical information needed to conserve and manage these resources. This information is used by the Regional Fishery Management Councils, international and domestic fishery commissions, the interstate fisheries commissions, NOAA, and other Federal and state agencies to establish and implement a variety of conservation and management measures. Many other agencies also use this information to assess the effects of proposed projects on marine resource populations and habitats. The information and analyses provide the scientific basis for management and development decisions that support the sustainable use of fishery resources. Currently, NOAA monitors and conducts research on 156 fishery resources. These assessments must be updated frequently because of the dynamic and natural variability of the marine environment, the stocks involved, and widespread changes in fishing practices. To complete these assessments, NOAA collects biological, environmental, economic, social, and statistical data on fish and shellfish and their habitats and uses. Analytical models then are used to combine these data to assess trends in stock sizes and to determine appropriate sustainable yields from resources.

Work is conducted by NOAA's National Marine Fisheries Service (NMFS) field elements with oversight, review, and direction by NMFS headquarters in Silver Spring, MD. The field structure consists of five Regional Offices, each with a Science Center to direct the work carried out by the laboratories and satellite/special purpose facilities in that region. Major NMFS facilities are located at the following sites:

Northeast: **Regional Office** - Gloucester, MA.
Science Center - Woods Hole, MA.
Major Laboratories - Gloucester, MA; Milford, CT; Narragansett, RI; Oxford, MD; Sandy Hook, NJ
Satellite/Special Purpose Facilities - Smithsonian (National Systematics Lab), Washington, DC.

Southeast: **Regional Office** - St. Petersburg, FL.
Science Center - Miami, FL.
Major Laboratories - Beaufort, NC; Charleston, SC; Galveston, TX; Panama City, FL; Pascagoula, MS.
Satellite/Special Purpose Facilities - Stennis Space Center (Bay St.Louis), MS.

Southwest: **Regional Office** - Long Beach, CA.
Science Center - La Jolla, CA.
Major Laboratories - Tiburon, CA; Honolulu, HI.
Satellite/Special Purpose Facilities - Monterey, CA.

Northwest: **Regional Office** - Seattle, WA.
Science Center - Seattle, WA at Montlake.
Satellite/Special Purpose Facilities - Manchester, WA; Mukilteo, WA; Pasco, WA; Newport, OR; Pt. Adams, OR.

Alaska: **Regional Office** - Juneau, AK.
Science Center - Seattle, WA at Sand Point.
Major Laboratories - Auke Bay, AK; Kodiak, AK.
Satellite/Special Purpose Facilities - Little Port Walter, AK.

Major components of this element include collecting and managing commercial and recreational fisheries data, conducting at-sea observer data collection, conducting resource surveys using the NOAA fleet and chartered vessels, conducting population biology studies, analysis and modeling of fish stocks, advancing data management technology, and fostering research concerned with interjurisdictional and anadromous fisheries through state grant programs.

Commercial and recreational fisheries data are essential to assess the status of fisheries and develop policy options to manage fisheries for economic growth. They also are used directly in fishery management as a basis of catch allocations and to determine when allowable catch levels have been reached. Commercial information includes: (1) volume and value of catch in domestic, joint venture, and foreign fisheries by species, region, state, and type of fishing gear; (2) incidental take or harvest of non-target species; (3) fishing effort and costs associated with catch; (4)

volume and value of processed fishery products from domestic harvest, joint ventures, and imports; (5) cold storage holdings of fishery products; (6) production of industrial fish products (e.g., fishmeal and oil); (7) number of operating units and people employed in harvesting and processing fishery products; (8) imports and exports of fishery products; and (9) consumption of fishery products. Fishing effort and location data are collected from logbooks in some fisheries, from interviews of fishermen in others, and through at-sea sampling on domestic and foreign vessels. Recreational information includes: (1) the number and participation rates of marine recreational fishermen; (2) their catch and effort data by mode of fishing (e.g., shore, pier, and charter boat); and (3) their expenditures.

These activities produce extremely useful data sets on foreign and domestic fishing vessels, landings and effort, shore facilities and labor, capital expenditures, and changing fishing practices. Data frequently are collected cooperatively with the states, foreign governments, and the commercial and recreational fishing industries. Effective conservation and management measures, including resource allocation among various user groups and efforts to manage fisheries for sustained economic growth, are dependent on analyses of these current and historical data bases.

Assess the Status of Fishery Resources: At-Sea Observer Data Collection

To adequately monitor the impact of a fishery on a particular stock, as well as particular ecosystems, it is important to estimate the overall catch by vessels on the fishing grounds -- not just the portion of the harvest that is ultimately landed and sold. The best means for obtaining such information on what is removed (i.e. killed) from the system by fishing is through data collected by at-sea observers. NOAA observer programs estimate the catch and can provide real time monitoring of the progress of the fishery. Data on the species, size, sex and other biological characteristics of both target and non-target species eventually landed or discarded at sea is collected. This includes samples of protected species such as marine mammals and sea turtles that might be bycatch to the fishery. This information is vital for the development of comprehensive management and conservation programs.

Assess the Status of Fishery Resources: Resource Surveys

NOAA conducts standardized scientific surveys to sample the distribution and abundance of fishery resources. The surveys are conducted by NOAA research vessels, sometimes in association with contracted state, university or private vessels, aircraft, and satellites. These surveys collect biological information on the species composition, size, abundance and distribution of living marine resources of commercial, recreational, or ecological significance, as well as related habitat data. This information supports habitat conservation and resource allocation decisions, including the resolution of conflicts among competing user groups. These surveys provide data on scientific samples used for determining the characteristics of the resource populations. Stock assessments are produced using a combination of information from resource surveys and information collected directly from fishing industries and observer programs, as well as through cooperative agreements and contracts with state agencies, universities, and private organizations.

Accurate prediction of fishery yields is difficult because of ecological variability that influences the abundance of living marine resources. Environmental changes can affect living marine resources significantly during all life stages and drastically affect harvests, resource distribution and availability along traditional migratory routes, feeding and spawning concentrations, and behavior on fishing grounds. Natural and human-induced (i.e. fishing pressure, habitat degradation, and pollution) changes to marine habitats are studied to determine their effects upon the abundance, distribution, and physiological functions of species of commercial and recreational significance. NOAA investigates the effects of dams, power plants, effluence, dumping, dredging, and logging on fish, marine mammals, and endangered species. The resulting increased understanding about recruitment dynamics, pollutant effects, and ecosystem impacts helps managers to identify and mitigate the causes of mortality and recruitment variability. Such actions help to restore or to maintain marine resources.

Remote sensing and other technologies are used to improve the timeliness and quality of the information on living marine resources. In some fisheries, acoustic devices are used to locate fish and estimate their abundance. Aerial and satellite sensor techniques are developed to: locate plankton concentrations and ocean thermal fronts; measure water temperature, salinity, and turbidity; track fish, mammals, and sea turtles; and direct research and fishing vessels to target areas. The application of advanced technology increases the speed and efficiency at which large ocean expanses and extensive coastal areas can be monitored, thereby giving a more complete picture of physical changes in the oceanic environment and their relationship to resource variations evidenced from survey data.

As U.S. fish populations come under increasing fishing pressure, fishermen are not only looking for new species to exploit, but are also searching for unexploited populations of presently fished species and for unfished areas where such populations occur. The National Undersea Research Program develops innovative population assessment techniques using submersibles and Remote Operated Vehicles (ROVs). These techniques not only provide independent data to compare with those obtained using traditional (usually net-based) population estimates, but they also yield non-destructive means for estimating populations associated with bottoms that can not be trawled such as deep reefs and canyon walls and allow assessment of environmental damage caused by commercial fishing equipment.

Assess the Status of Fishery Resources: Population Biology

NOAA conducts population biology research in the following areas: stock identification, especially important for species that migrate across international boundaries, such as Atlantic swordfish and Bering Sea "Donut Hole" pollock; age and sex structure, used by managers to determine size limits and assess relative strength of year-classes and recruitment; reproductive habits and habitat requirements, needed to set seasonal and areal closures; predator-prey relationships; mortality and growth rates; distribution and migrations; and habitat and physiological requirements and diseases. These data provide an understanding of biological processes necessary to develop sound conservation and management strategies. Food chain and predator-prey relationships are particularly important in understanding the complex interactions of marine species and for comprehensive ecosystem management. Research also is carried out on stress to marine resources from pollution and overfishing.

Anadromous fisheries research is conducted in Alaska, the Pacific Northwest, the Southeast, and in the Northeast. Research, including genetic stock identification research, also is conducted in support of the U.S.- Canada Pacific Salmon Treaty obligations and to investigate the interception of U.S.-origin salmon by foreign high-seas driftnet fisheries. Treaty research, management, and enhancement activities are carried out primarily at NOAA's fisheries research laboratories in Auke Bay, AK, and Seattle, WA. Work to implement the Treaty also is done in cooperation with the States of Alaska, Washington, Oregon, and Idaho; Indian tribes; and the Pacific Salmon Commission in Vancouver, British Columbia. In the Northeast, research focuses on Atlantic salmon.

Assess the Status of Fishery Resources: Analysis and Modeling of Fish Stocks

Fishery management depends on sophisticated mathematical and statistical analyses to integrate all of the available data from resource surveys, commercial and recreational data collections, at-sea observers, and population biology studies into a quantitative scientific basis for decisions. These analyses use state-of-the-art models of population dynamics and risk assessments to formulate policy options for fisheries management.

Resource information, analyses, and recommendations on the status of stocks and the effects of current and potential management regulations are provided to NOAA, the eight Regional Fishery Management Councils, states, three interstate Marine Fisheries Commissions, and commissions established through international treaties. Data are analyzed and used in computer models to forecast changes in resource abundance that are required for long-range management. Computer-based analyses are important for monitoring domestic and foreign observer data, for administering various permit systems, and for timing of mid-season closures, if necessary, of various fisheries under quota controls. This information also is used to identify the consequences of natural and human-induced changes in the marine environment on the production and abundance of living marine resources and to analyze the impacts of fishery management measures on the resources and the industry.

Assess the Status of Fishery Resources: Advancing Data Management Technology

Large quantities of valuable data are produced by fisheries assessment activities. These data must be managed so that they are accessible, easily manipulated and archived for future use by both NOAA and other users. NOAA has a comprehensive, long-term plan for advancing data management called the Marine Ecological Database System (MEDS). MEDS' objectives are to provide the data needed to: reduce the scientific uncertainty in living marine resource (LMR) stock assessment forecasts; facilitate the expansion of ecosystem-based management of living marine resources (fish, whales, small cetaceans, sea turtles, and marine invertebrates); and complete the evolution into NOAA's living marine resource data center based on a distributive architecture.

Significant emphasis is placed on the use of state-of-the-art computer hardware and software systems to process scientific, administrative, and technical data used in living marine resource management, ecosystem modeling, stock abundance predictions, and other large-scale scientific applications. NOAA also must share data with states and the interstate Marine Fisheries Commissions for management of interjurisdictional fisheries, such as menhaden, flounder, and mackerel, and with other countries, such as Canada, the (former) Soviet Union, and Mexico, for management of transboundary fisheries, including salmon, shrimp, groundfish, and pelagic swordfish and tunas. In FY 1991, NOAA initiated a modernization effort to upgrade its fisheries computer and information analysis capabilities. The phased acquisition of the computer system began in FY 1993 with the obligation of funding to support the purchase of three host sites (Silver Spring, MD.; Miami, FL.; and Seattle, WA.) and nine workstations. The total system upgrade is to be completed in FY 1996 with a final system comprised of 9 host sites and 48 total workstations.

Assess the Status of Fishery Resources: Grants to States

Grants to states are authorized under the Interjurisdictional Fisheries Act of 1986 (P.L. 99-659, Title III) and the Anadromous Fish Conservation Act of 1965 (P.L. 89-304).

The goals of the formula-based, matching fund Interjurisdictional Fisheries Grants Program are to promote state activities that support interjurisdictional fisheries management and to encourage the management of resources throughout their range, recognizing that many species spend a substantial portion of their life cycle in state waters and state-controlled habitat and nursery areas. Funds are apportioned to states based on the value and volume of commercial landings by domestic fishermen. States submit research programs for Federal funding approval through state management agencies or Interstate Marine Fisheries Commissions that support management of a fishery which occurs in waters under the jurisdictions of one or more states and the U.S. EEZ, for which there exists an interstate fishery management plan. States also submit programs for funding approval to conduct research on resources that migrate between the waters under the jurisdictions of two or more states. States bordering on the Great Lakes also may request funding support for fisheries research. This program also funds projects to alleviate resource disasters, such as hurricane damage to oyster beds, and to enforce interjurisdictional fisheries regulations.

The Anadromous Fish Conservation Act of 1965 (P.L. 89-304) authorizes NOAA to make grants to conserve, develop, and enhance the Nation's anadromous fisheries resources, including fish in the Great Lakes, that return up rivers to spawn. This Act is administered jointly with the Department of the Interior's Fish and Wildlife Service. Federal funds of up to 50 percent of project costs (or up to 66 2/3 percent for multi-state projects or up to 90 percent for projects supporting interstate fishery management plans) may be provided to state fisheries agencies, universities, and other non-Federal participants in the 31 states bordering the oceans and Great Lakes. Pacific coast hatcheries built or operated by these grants annually produce over 10 million young salmon and steelhead trout and have saved 10 to 12 million salmon annually from irrigation systems. In addition, a small striped bass program is conducted and coordinated with the Atlantic States Marine Fishery Commission

Advance Fishery Predictions: This element aims to improve our understanding of the factors that influence fisheries productivity. NOAA conducts research, survey, and modeling efforts on the general properties that control fisheries populations and on the functions and relationships of habitats to living marine resources to improve predictions of fisheries productivity.

The National Sea Grant College Program sponsors research to determine and interrelate biological and oceanographic factors controlling recruitment and natural variability in populations of crustaceans and finishes, define relationships between habitat characteristics and productivity, and develop population modeling techniques.

The National Undersea Research Program sponsors integrated multidisciplinary research to study the recruitment and population dynamics of commercially important marine species that occur throughout the Caribbean, in Florida waters, and in the northeastern Pacific Ocean. The relationships among habitat, recruitment, and population are poorly understood for fishes in untrawlable, complex, or small scale habitats. Such areas include coral reefs and rocky temperate banks. The only way to perform such studies is to use divers or undersea vehicles so that observers can sample visually. These investigations provide critical data that cannot be obtained in any other way regarding use of such areas as population centers, nurseries, or refuges.

***Manage for Economic Growth and Promote a Healthy Fishing Industry*:** NOAA conducts and sponsors fisheries management and development programs in order for the U.S. fishing Industry to achieve its potential for economic growth.

Manage for Economic Growth: Fishery Management Programs

The Magnuson Fishery Conservation and Management Act (MFCMA) established exclusive U.S. jurisdiction over the living marine resources in the 2.2 million square miles of ocean area, known as the Exclusive Economic Zone (EEZ), generally within 200 nautical miles of the coastline of the U.S. and its territories. This Act was intended to ensure that fishing within the EEZ is conducted under sound, scientifically-based management and economic conditions. U.S. commercial and recreational fishermen have right of access over foreign fishermen to resources within the EEZ. Through management decisions, government regulations, enforcement, and conservation activities, NOAA and the eight Regional Fishery Management Councils established by the MFCMA work with the states, industry, other Federal agencies, and other organizations to maintain and restore fishery resources and their habitats and to enhance the health of the U.S. fishing industries. These efforts require a continuous, stable flow of data, information, and analyses provided by NOAA, states, universities, and the international scientific community. Americanization of U.S. fisheries resulted in the virtual elimination of foreign fishing in the EEZ in 1992.

The Regional Fishery Management Councils have the major responsibility for developing Fisheries Management Plans (FMPs) for most domestic and foreign fisheries in the EEZ. The Secretary of Commerce is responsible for management of highly migratory species in the Caribbean Sea and off the Atlantic and Gulf coasts. The Councils also evaluate estuarine and freshwater issues affecting managed species under their purview. NOAA provides the Councils with technical and administrative assistance and financial support to develop, monitor, and amend FMPs. Each existing plan may have one or more amendments per year. Each year, Councils review applications for fishing permits from foreign countries, conduct more than 200 public hearings and meetings, estimate yields, and determine the total allowable level of domestic and foreign fishing for each fishery under management within their jurisdiction. NOAA reviews management plans developed by the Councils to ensure compliance with the MFCMA and other applicable laws, implements these plans through promulgation and enforcement of regulations, issues permits, and

Fisheries-Oceanography Coordinated Investigations (FOCI) projects are conducted in the western Gulf of Alaska and the Bering Sea (see Coastal Ocean Program discussion below) to improve the understanding of the ecological processes affecting population distribution and size. The western Gulf of Alaska project seeks to identify and measure physical, chemical, and biological parameters affecting pollock to determine how these parameters affect spawning, growth, survival, and recruitment. Data collected in the pollock spawning area off Kodiak Island, particularly data on the 1985 year class spawned under unusual environmental conditions, are expected to be particularly valuable in understanding and predicting fishery stocks. Both FOCI projects involve studies of larval transport patterns in relationship to oceanographic processes; biochemical genetic studies and tagging; concurrent biological and physical sampling in egg and larval aggregations; and numerical modeling.

Within this element, the Coastal Ocean Program seeks to strengthen NOAA's ability to assess and predict natural and human-induced changes in the coastal ocean through the integration and coordination of resources and coastal-related research activities within NOAA. Specifically, the Coastal Ocean Program supports three projects aimed at advancing fishery predictions: the Bering Sea FOCI study, the South Atlantic Bight Recruitment Experiment, and the Georges Bank Coastal Fisheries Ecosystem study.

The Bering Sea FOCI project focuses on stock identification, reproductive biology, larval transport, and growth of Alaskan pollack. This project is conducted to reduce uncertainty in management decisions for overfishing of the important pollock fishery in this region. Walleye pollock is the largest single-species fishery by volume in the U.S. and the world. Its harvest supports a major domestic fishing industry of over $1.0 billion per year. This research is conducted by NOAA OAR and NMFS laboratories. A NOAA-wide partnership with regional academic institutions and foreign government laboratories is coordinated by the project managers to complement the in-house activities.

The South Atlantic Bight Recruitment Experiment (SABRE) is conducted to improve the management of menhaden and similar commercial species through a better understanding of the ecological processes affecting population size. The goal of SABRE is to understand the relationship between variation in environmental factors and the variable recruitment of "estuarine dependent" fishes in the South Atlantic Bight (SAB). SABRE will examine the pre-recruit phase of Atlantic menhaden, which is the most abundant and economically important fish component in the SAB. SABRE is a coordinated effort between NOAA laboratories, academia and state resource agencies.

The Georges Bank Coastal Fisheries Ecosystem study is examining the interactive effects of predation and exploitation on overall productivity of fish populations in this historically valuable commercial fishery area which has undergone profound changes from intensive exploitation during the last three decades. The arrival of distant water fleets on Georges Bank during the early 1960's resulted in a massive ecological perturbation, with important consequences for the underlying community dynamics. At the height of the fishery (1973), nearly one million metric tons of biomass was removed from the system. Large-scale fluctuations in relative species composition, production and abundance of fish populations have been documented. Valuable demersal species have been depleted to near economic extinction and have been replaced by less valuable species (e.g., sand lance). The Georges Bank project is examining the synergistic effects of exploitation and predation on ecosystem structure, with an emphasis on Atlantic cod and haddock.

collects fees for foreign fishing conducted under such plans. Permit fees and poundage fees collected by NOAA from foreign countries currently are deposited in the General Fund of the U.S. Treasury. NOAA, in addition to providing oversight of fisheries management programs, develops national policy and legislative initiatives to guide the management of the Nation's fisheries.

Under the 1990 MFCMA amendments, the Secretary of Commerce is directly responsible for the development and implementation of fishery management plans (FMPs) for any highly migratory species fisheries in the Atlantic Ocean, Gulf of Mexico, or Caribbean Sea. The MFCMA requires the Secretary to identify research and information priorities, including observer requirements and necessary data collection and analysis for the conservation and management of highly migratory species, especially tunas, swordfish, billfish, and sharks.

Other fishery resources, including tuna, swordfish, billfish, sharks, groundfish, scallops, and salmon, that range beyond the EEZ, and thus are harvested by the fishing fleets of the U.S. and many other countries, must be monitored and assessed. NOAA actively participates in international management efforts, such as the Pacific Salmon Commission, the North Atlantic Salmon Conservation Organization, the International Commission for the Conservation of Atlantic Tunas, the Inter-American Tropical Tuna Commission, the International North Pacific Fisheries Commission, the Commission for the Conservation of Antarctic Marine Living Resources, and the International Pacific Halibut Commission, to maximize U.S. access and to conserve these resources. NOAA monitors significant fishery activities in foreign countries to determine the effects on U.S. interests. Information on foreign fishing practices, policies, and programs is obtained through United Nations Food and Agriculture Organization bulletins and reports, translations and reviews of technical and industrial literature, discussions with international fishery officials, and communications with U.S. diplomatic officers. Additionally, foreign fishing within the EEZ is assessed. Information on these activities is used by NOAA and the Department of State to negotiate and implement international fishery agreements and to determine which foreign countries will be allowed to harvest surplus U.S. fishery resources (i.e. those not fully utilized by U.S. fishermen within the EEZ). Negotiations and fishery allocation decisions occur throughout each fishing year and require continuous assessments of domestic and foreign fishing efforts. Currently, however, domestic fishing has almost completely supplanted foreign fishing in the EEZ, thus achieving one of the goals of the Magnuson Act to promote U.S. economic interests and Americanize the U.S. fisheries.

Information collected in the various fishery assessment activities on the inputs of fishing industry production is used to analyze and model alternative regulatory regimes and forecast their likely impacts on the biology and economics of the fishery. Production output information is used to determine the efficacy of management decisions that are implemented and to track regulatory compliance by the participants. Timely and accurate harvesting information is vital to the effective implementation of quota-based, seasonal, areal, and in-season management regulations. Production information consists of biological, sociological, and economic information collected from commercial and recreational fisheries, as well as samples of recreational and commercial catch.

The National Sea Grant College Program sponsors research and corresponding outreach focus on defining social and economic fallout from fisheries management practices, predicting social and economic consequences of potential management scenarios, evaluating management schemes for equitable allocation of resources among competing users, and developing/integrating bio-economic models.

Manage for Economic Growth: Fisheries Development Programs

The Magnuson Fishery Conservation and Management Act (MFCMA) and the American Fisheries Promotion Act of 1980 encourage the wise use of the Nation's living marine resources. NOAA carries out research and provides services for seafood harvesters, processors, and marketers with the objective of resolving technical issues and other barriers to optimum resource utilization. In addition, NOAA's Office of Sustainable Development and NMFS conduct activities to mitigate the adverse economic impacts of regulatory actions necessary to restore fisheries to their sustainable levels.

NOAA's utilization research program has a primary focus on addressing issues concerning the safety and quality of fishery products for human consumption in addition to developing seafood processing technologies to better utilize available fishery resources. This program is carried out through NOAA research laboratories located in Gloucester, MA; Charleston, SC; Pascagoula, MS; Seattle, WA; and Kodiak, AK., in cooperation with other Federal and state agencies The program's major components -- inspection support and risk management research, constitute NOAA's primary involvement in reducing public health risks associated with the harvesting, processing, distribution, and consumption of fish and shellfish.

Inspection support activities are focused on applying Hazard Analysis Critical Control Point (HACCP) concepts to NOAA's voluntary, fee-for-service seafood inspection activities. NOAA also is revising its Federal/state inspector training and product standard development activities to conform with the requirements of a HACCP-based program and is upgrading its capability to monitor safety hazards in seafood products.

NOAA's seafood risk management research addresses priority public health problems (i.e. marine biotoxins, pathogenic microorganisms, and chemical contaminants associated with seafood). The focus of the research activities is on: (1) the development of improved detection methodologies for use by regulatory personnel and the seafood industry; (2) the development of risk assessment data bases for use by seafood inspectors and fishery managers in addressing seafood safety issues; and, (3) the development of seafood manufacturing practices that will minimize risks to consumers.

Given the opportunities to expand trade and competitiveness and the use of trade measures to support conservation objectives, NOAA ensures that policy makers have the best information possible to evaluate the impacts of decisions. NOAA is responsible for formulating strategy and positions on fishery trade for bilateral and multilateral negotiations and participates as the Department's fishing industry sector staff. Activities include providing technical expertise and negotiating skills in multi- and bilateral efforts to reduce barriers in the trade of fish and fishery products. Bilateral negotiations with Japan have resulted in increases in their pollock surimi, pollock roe, herring, cod, mackerel, and squid quotas. U.S. exports of these items to Japan have grown from about $100 million in 1987, when the annual NOAA-Fisheries Agency of Japan bilaterals began, to an estimated $754 million in 1992. NOAA also provides support for the U.S. Trade Representative's bilateral trade negotiations with Korea and Taiwan and conducts regular technical bilateral discussions with Canada and the European Community. In addition, NOAA provides support for actions under U.S. trade law, such as protection from import injury and retaliation for unfair trade practices. NOAA also assists the Department's U.S. and Foreign Commercial Service activities in foreign countries promoting U.S. exports and U.S. Department of Agriculture food programs which purchase and distribute eligible seafood products domestically and internationally.

Ensure Adequate Compliance: NMFS activities support the enforcement of existing laws and regulations, key elements of a credible management effort designed to support the growth and stability of the domestic fishing industry. NOAA enforcement agents investigate violations of Federal laws and regulations under the MFCMA, ESA, Marine Mammal Protection Act (MMPA), Lacey Act, and other Federal statutes and international agreements relating to living marine resources.

Enforcement agents are charged with ensuring that foreign and domestic fishing vessels are operating in accordance with fishery management requirements. They investigate the unlawful interstate transportation or importation of contaminated fish, shellfish, and wildlife. Some of this work is conducted in cooperation with the U.S. Customs Service and the U.S. Fish and Wildlife Service. NOAA also protects living marine resources by investigating illegal importation or interstate transportation of parts or products of protected species. Agents conduct the full range of investigative activities, such as the gathering of evidence and information, seizure of contraband, and management of operating funds for covert operations and undercover activities. Enforcement and surveillance activities involving fishing vessels are planned and conducted in cooperation with the U.S. Coast Guard, which provides aerial and surface patrol craft. NOAA also charters aircraft to supplement the Coast Guard's efforts and enters into cooperative agreements with state enforcement agencies. These actions reduce the illegal harvesting and taking of fishery resources and protected species. Surveillance activities also provide information about catches and fleet movements that is used to manage domestic and foreign fisheries and support international negotiations.

Reduce Bycatch: As directed by the Magnuson Fishery Conservation and Management Act 1990 amendment, NOAA conducts research and outreach programs to develop conservation engineering devices and practices such as bycatch reduction devices. In addition, NOAA conducts programs to quantify bycatch and assess its biological consequences.

Heavy bycatches of non-target resources and other important components of the ecosystem are a major impediment to increased fishery yields and substantial economic gains. Many methods of fishing are nonselective, and this results in bycatch of some species, including marine mammals and endangered or threatened species, while fishing for other species, as well as the capture of undesired sizes (e.g., juveniles) of some target species. The inadvertent capture of juveniles or "brood stock" of highly exploited species can make restoration of such species more difficult. Bycatch also causes significant loss of potential economic benefits when directed fisheries are closed because of heavy "prohibited species" bycatch. In some cases, the bycatch problem contributes to overfishing itself, and may jeopardize recovery of a depleted stocks.

NOAA develops methodologies for accurately assessing the extent and composition of bycatch for application to stock assessments and regulatory measures. The magnitude of bycatch in most of the Nation's fisheries is unknown, but is thought to be a major problem in many fisheries. Since bycatch is generally discarded at sea, the only feasible approach to assess its impact is through trained onboard observers. Observers, in addition to recording the amounts and species composition of the entire catch, frequently sample both directed and incidental catches for size, sex and other important biological information.

Another way of reducing bycatch is by controlling fishing practices — how, when and where fishing takes place. Prohibition of certain types of gear (e.g., gillnets) in nearshore areas is an example. Studies and tests are performed to ensure that recommended practices or gears will reduce bycatch significantly, but with minimal economic loss to the industry.

The National Sea Grant College Program also sponsors research and outreach on bycatch reduction devices, changing fishing practices and rigging, improving selectivity of catch through altering mesh sizes and shapes of trawl nets, and measuring bycatch and assessing its biological consequences.

Accelerate Growth of U.S. Aquaculture: Research is conducted on commercial applications of aquaculture, including hatchery development for finfish and shellfish, reduction of aquaculture diseases, and the environmental effects of aquaculture operations. Studies of enhancement focus on characterizing genetic diversity and the interaction between cultured fish and wild stocks. Research is conducted on salmon production and the quality of smolts released from hatcheries in order to improve the production efficiency of salmon hatcheries in the Pacific Northwest and ocean ranching operations in Alaska.

The National Sea Grant College Program sponsors research focused on exploring technological approaches to cost-effective aquaculture in closed systems, developing computer monitoring and control systems, developing hatchery technology, and defining physiological, endocrinological, and nutritional controls on development, growth, and reproduction of aquacultural species.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Number of the 236 Identified Fish Stocks Which Are Fully Assessed	156	156	156
Percent of Assessed Fish Stocks Which Are Fully Utilized (percent)	39	39	39
Value of Landings ($ billions)	$3.7	$3.7	$3.7
FMPs with Access Controls Implemented	15	15	15

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Build Sustainable Fisheries	2,030	$241,678	1,987	$258,798	(43)	$17,120
ORF	2,020	231,245	1,977	249,726	(43)	18,481
FVOG account	0	459	0	0	0	(459)
P&D account	0	7,144	0	6,400	0	(744)
FVGDF account	4	1,274	4	1,273	0	(1)
FCF account	1	999	1	999	0	0
FFOF account	5	557	5	400	0	(157)

The stewardship responsibilities of the Department of Commerce, NOAA, and NMFS are a high priority and represent a major portion of the NOAA Strategic Plan. NOAA's scientific data collection activities are the foundation for meeting these stewardship responsibilities and building sustainable fisheries. These activities need to be strengthened as proposed in the FY 1995 budget. Specifically, building sustainable fisheries will require increased activity by NMFS in order to provide better scientific information and to implement and enforce new fishery management systems being developed by the Fishery Management Councils. Base program activities are currently underfunded and the FY 1995 budget proposes to balance funding for essential core programs with the need to fund new activities in support of the sustainable development of the Nation's fishery resources.

Improved fisheries management is an investment that will produce tremendous economic and social benefits. The "status quo" is not an option since Fishery Management Councils now are moving rapidly toward improved fishery management plans which by law must be implemented. The net change proposed to build sustainable fisheries is -43 FTE and +$17,120,000. Program increases totaling +132 FTE and +$40,596,000 are proposed to achieve the goals of the NOAA Strategic Plan and support base operational, statutory requirements necessary to promote the development of sustainable fisheries, including supporting the eight Regional Fishery Management Councils. Program decreases of -175 FTE and -$23,476,000 are proposed for non-essential activities along with a change in the funding source for one programs. Additional fees also are proposed separately to be deposited in a special fund in the Treasury to help offset the cost of living marine resource programs.

NOAA proposes five strategic actions in FY 1995 to begin the process of restoring fisheries productivity and ensuring the sustainable economic health of the fishing industry:

- ASSESS THE STATUS OF FISHERY RESOURCES
- ADVANCE FISHERY PREDICTIONS

- MANAGE FOR ECONOMIC GROWTH AND PROMOTE A HEALTHY FISHING INDUSTRY
- ENSURE ADEQUATE COMPLIANCE
- ACCELERATE GROWTH OF U.S. MARINE AQUACULTURE

Assess the Status of Fishery Resources (-81 FTE, +$15,744,000 in ORF: NOAA requests a net decrease of 81 FTE and a net increase of $15,744,000.

Program Increase (+50 FTE, +$22,719,000 in ORF): NOAA requests an increase of $22,719,000 to improve the data and information required for accurate stock assessments necessary to build sustainable fisheries. Of the 236 identified species under NMFS' jurisdiction the status of 34 percent of the stocks is unknown. Even for species where the status is known, the information is often imprecise, and billions of dollars in potential benefits are lost because of poor or absent data on both biological and socio-economic conditions. NOAA will address this problem by collecting and managing additional commercial and recreational fisheries data, conducting more comprehensive at-sea observer data collection programs, and maintaining and conducting additional resource surveys, population biology studies, and associated analyses and modeling functions necessary to allow maximum allocations without jeopardizing long-term yields. In FY 1995, efforts will focus on those fisheries at the greatest risk of not realizing their economic potential and on providing data required for fishery management plans to maintain and develop sustainable fisheries. The proposed increase will be used to meet base nationwide program operations and statutory requirements, specifically to provide data and information to support the eight Regional Fishery Management Councils. The principal NOAA facilities that will participate in the data collection, research and analysis functions required to assess the status of fishery resources in support of sustainable development goals, including data and information required by the Regional Fishery Management Councils, are the five NMFS Fisheries Science Centers (Woods Hole, MA; Seattle, WA; at Sand Point; Seattle, WA at Montlake; Miami, FL; and La Jolla, CA;); and the Auke Bay, AK and Honolulu, HI laboratories. In addition, other NMFS laboratories will participate in providing data and conducting research and analyses in support of the five Fisheries Science Centers. The proposed increase also will allow NOAA to complete a nationwide distributed computer information system for NMFS -- the IT-95 computer upgrade purchase begun in FY 1993. This includes purchase of the remaining host sites and workstations, with the completed system comprised of be 9 host sites and 48 workstations; system training, maintenance, and computer software conversion; development of new distributed applications software to take full advantage of the computing power of IT-95 hardware and new relational database software; completion of the first national census of environmental databases; and improved public access to data. These data will be managed such that they are accessible and easily manipulated and archived for future use by NOAA and other users in a Marine Ecological Database System (MEDS). MEDS will build upon the initial investments in hardware and software for the living marine resource data management modernization effort that was started under the IT-95 program.

The following activities illustrate the key elements for providing the Regional Fishery Management Councils and NOAA with adequate information for the conservation and management of the Nation's fishery resources. Commercial and recreational fisheries data is a primary building block for assessing the status of fisheries and developing policy options for fisheries management. NOAA will augment existing data collection programs, and implement new data collection programs for species about which little is currently known. Fisheries data collection will be supplemented by expanding existing grant programs, providing new grants, and augmenting NOAA staff located at field stations in fishing ports. At-sea observer data collection is required to monitor adequately the impact of a fishery on a particular stock, as well as the ecosystem as a whole, and to estimate the overall catch by vessels on the fishing grounds. New at-sea observer programs will cover a broad range of fisheries. Training and improved quality control mechanisms will be implemented to ensure the effectiveness of existing, as well as expanded, observer programs. Standardized resource surveys will be conducted to sample the distribution and abundance of fishery resources in order to monitor trends over time. These surveys will provide a fishery-independent measure of resource abundance, which will be used to calibrate the performance of the fishery over time. Resource surveys will be made more precise by increasing sampling intensity or spatial and temporal coverage, improving sampling designs, and improving sampling technology. Fishery assessments require a comprehensive understanding of the biology, structure, and migratory patterns of the stocks. For many species, especially those which are newly exploited, the current state of biological knowledge is poor. NOAA will expand the scientific understanding of the biology of fishery resource species which are important recreational and commercial fishery resources, but cannot be accurately assessed because of the lack of basic biological information. Fishery management decisions draw upon sophisticated mathematical and statistical analyses to integrate, analyze and model all of the available data from the activities described above. NOAA will apply current state-of-the-art analytical methods and models to existing data; develop new methods to use data more efficiently, better quantify uncertainty in the results, and analyze complex multi-species fisheries; and develop and apply risk analysis to provide managers with a basis for risk-averse management decisions.

Program Decreases (- 131 FTE and - $6,975,000 in ORF): NOAA requests decreases of $6,975,000 to terminate low priority programs that: are not consistent with NOAA's mission; programs that are not necessary to meet essential program needs; or, given the need to reduce simultaneously the Federal budget deficit and fund higher priority on-going and new programs, are not of critical to the building of sustainable fisheries:

A decrease of $3,300,000 is requested for the National Undersea Research Program. This decrease will terminate programs related to fishery population assessment techniques using submersibles and ROV's. These programs should be funded from private and state resources or by other Federal agencies.

A decrease of $500,000 is requested for Hawaii stock management activities performed by the Oceanic Institute in Hawaii. These funds have been used to support a multi-year effort to develop and test the technology of a marine stock enhancement program in the Hawaiian Islands. This activity has been supported since FY 1987 and should be terminated in FY 1995 in order to support proposed increases at the Honolulu, HI fisheries laboratory associated with base program operations, statutory fishery management requirements and the Western Pacific Fishery Management Council.

A decrease of $300,000 is requested for Atlantic bluefin tuna research provided to the New England Aquarium as directed by Congress. This activity should be terminated in order to support proposed increases for the Southeast Fisheries Science Center in Miami, FL and the Northeast Fisheries Science Center in Woods Hole, MA that are required to meet domestic statutory responsibilities and international responsibilities for the conservation and management of bluefin tuna.

A decrease of $140,000 is requested for the Center for Shark Research provided to the Mote Marine Laboratory as directed by Congress. This activity should be terminated in order to support proposed increases for the Southeast Fisheries Science Center in Miami, FL that are required to meet statutory responsibilities for the conservation and management of Atlantic and Gulf of Mexico migratory pelagic fisheries (shark, billfish, tuna, swordfish, etc.).

A decrease of $100,000 is requested for Columbia River Smolt/Squawfish survival research. This work is not essential to meet priority program mission requirements. This activity should be terminated in order to support proposed increases for the Northwest Region to develop ecosystem management for salmon and other highly valued species.

A decrease of $150,000 is requested for Fishery Observer Training which provides the University of Alaska with funding to train fishery observers. This activity should be terminated in order to support proposed increases for the Alaska Region and the Auke Bay, AK laboratory to meet base operation and statutory fishery management requirements, habitat requirements, and North Pacific Fishery Management Council requirements.

A decrease of $300,000 is requested for U.S./Canada Lobster Study. The FY 1994 conferees agreed that this amount represents the final installment for completion of this study. Therefore funding is not required in FY 1995.

A decrease of 131 FTE and $2,185,000 is requested associated with the overall FTE reductions (- 131 FTE and $ -1,655,000) and administrative savings from more efficient operations ($ -530,000).

Advance Fishery Predicitions (+3 FTE; +$834,000 in ORF): NOAA requests a net increase of 3 FTE and $834,000.

Program Increase (+3 FTE, +$2,418,000 in ORF): NOAA requests an increase of $2,418,000 to advance fishery predictions. The long term potential benefits of the Nation's fisheries is ultimately limited by the current scientific methods that are available as a basis for fisheries management. In order to advance fishery predictions and improve information to support stewardship responsibilities, a better understanding of the physical and biological processes that control ecosystem dynamics, methods for integrating non-fishery related anthropogenic stress, such as pollution, into population models, and advances in sampling technology are required.

A large amount of pertinent research is conducted by Government agencies, universities and private industry, but research products must be customized to serve NOAA's unique marine fisheries management mission. Therefore, NOAA will use the requested funds to leverage other research investments to benefit fisheries management and improve the support provided to the eight Regional Fishery Management Councils. Since there are many more outstanding research opportunities than available funds, the specific projects to be undertaken will be determined through peer review of scientific proposals. This approach will assure that research is both high priority and high quality.

Research projects include studies to: 1) identify critical processes controlling replenishment of fishery resources, and models to predict the rate of replenishment; 2) determine the mechanisms that allow populations to withstand stress from fishing pressure and models to predict how much fishing pressure can be sustained; 3) quantify how species interact so that multispecies interactions can be taken into account in fisheries management; 4) integrate the effects of non-fishing anthropogenic stress into traditional stock assessment models, so that management decisions can take account of multiple types of population stress; and 5) develop a new generation of sampling systems to provide more and better data using modern acoustical, optical and laser based sensors and signal processing technology (much of which was developed for military purposes and has only recently become available for civilian use). The principal NOAA facilities that will to conduct these studies are NMFS laboratories in Sandy Hook, NJ; Pascagoula, MS; Seattle, WA; and

La Jolla, CA. Academic scientists also will participate. In addition, the NOAA Coastal Ocean Program will be augmented by $318,000 as part of the overall requested increase.

Program Decreases: (0 FTE, - $1,584,000 in ORF): NOAA requests a decrease of $1,584,000 to terminate low priority programs that are: not consistent with NOAA's mission; programs that are not necessary to meet essential program needs; or, given the need to reduce simultaneously the Federal budget deficit and fund higher priority on-going and new programs, are not critical to the building of sustainable fisheries:

A decrease of $1,001,000 is requested for the National Undersea Research Program. This decrease will programs related to the recruitment and population dynamics of marine species in the Caribbean, Florida waters, and the northeastern Pacific Ocean, as well as the relationships among habitat, recruitment, and populations of fishes in habitats such as coral reefs and rocky temperate banks. These programs should be funded from private and state resources or by other Federal agencies.

A decrease of $500,000 is requested for the Southeast U.S. FOCI, Southeast Florida and Caribbean Recruitment Studies (SEFCAR) program intended to clarify the relationship of physical circulation features and the behavior of larval reef fish and spiny lobsters on recruitment along the lower Florida Keys. This program should be funded by the state or locality which directly benefits.

A decrease of $83,000 is requested associated with overall FTE reductions (- $50,000) and administrative savings from more efficient operations (- $33,000).

Manage for Economic Growth and a Healthy Fishing Industry (+10 FTE, and +$8,734,000 in ORF; -$459,000 in FVOG; -$744,000 in P&D; -$1,000 in FVGDF; and -$157,000 in FFOF): NOAA requests a net increase of 10 FTE and $7,373,000.

Program Increase (+50 FTE, + $9,729,000 in ORF). NOAA requests an increase of $9,729,000 in order to promote achievement by the U.S. fishing industry of its full potential for economic growth. NOAA will work with the eight Regional Fishery Management Councils and the fishing industry to develop fishery management strategies which will rebuild depleted stocks and maintain fishery resources on a sustainable basis and establish an investment climate that minimizes/eliminates overcapitalization while encouraging investment in fisheries for currently underutilized resources.

Transformation from conventional, open access, to a more controlled access and profitable fisheries management system will require significant improvements in information monitoring and management, social and economic research, and econometric analyses. In addition, as conversion to controlled access to rebuild stocks will cause short term economic hardships for some harvesters and processors, NOAA will work with the Congress, the fishing industry and the Fishery Management Councils to develop innovative approaches which might be used to assist the fishing industry during periods of stock rebuilding such as the Fishery Reinvestment program in the Northeast to address the decline of groundfish stocks in New England. NOAA will evaluate socio-economic issues associated with controlled access and other fishery conservation and management regimes in order to provide timely advice to the Fishery Management Councils and the Secretary of Commerce. Baseline economic and sociological data and profiles of commercial, subsistence, and recreational fisheries will be expanded. Econometric and social and economic impact models will be developed for application to specific

U.S. fisheries. In the long term, managing fisheries for economic growth is the essential ingredient for a healthy fishing industry. NOAA will establish basic social and economic performance measures, determine how marketable property rights affect the economic performance of the fishing industry; and design and evaluate management regimes to achieve reduced conflict and more efficient and equitable allocation of fishery resources among competing users.

The Fishery Management Councils have shown increasing interest in the development of controlled access fisheries management plans. At present, all eight Councils are considering some form of access control management. Substantial new and different technical support will be necessary to support this trend. NOAA will develop educational programs on the potential benefits and problems of controlled access; conduct social and economic research on the Nation's fisheries to provide alternatives for consideration by the Councils in developing management schemes; and carry out specialized economic, social and legal analyses to support specific decisions on initial allocations, the nature of property rights, options for setting quotas, and other decisions required for controlled access management. Controlled access management has unique implementation requirements to monitor and enforce access rights. NOAA will evaluate and develop systems to set and update access regulations; make initial allocations among users and establish a process for appealing allocations; evaluate and implement technologies for monitoring access and for transmitting real-time information on the progress of the fishery; and monitor the overall biological, economic and social performance of the system.

The proposed increase will be utilized on a national basis to meet base program operations and statutory requirements, including implementing approved fishery management plans (FMPs) and to support and work with the eight Regional Fishery Management Councils to develop amendments and new Fishery Management Plans. This includes the collection and analysis of social and economic data to provide NOAA and the Regional Fishery Management Councils with information on the impacts of regulatory and other actions. The principal NOAA facilities that will be involved in the FY 1995 increase are the five NMFS Regional Offices (Gloucester, MA; Juneau, AK; St. Petersburg, FL; Seattle, WA; and Long Beach, CA). In addition, the proposed increase will provide for expanding the Fishery Reinvestment program begun in FY 1994 to assist the fishing industry during periods of stock rebuilding. For example, the proposed increase may be used to charter commercial fishing vessels to conduct resource survey activities and to provide additional port agents to record landings in support of statistical programs necessary to rebuild fisheries, thus helping to mitigate the adverse economic consequences to fisheries in the Northeast.

Program Decreases: (-40 FTE, -$995,000 in ORF; -$459,000 in FVOG; -$744,000 in P&D; -$1,000 in FVGDF; and -$157,000 in FFOF): NOAA requests decreases of $2,356,000 to terminate low priority programs that: are not consistent with NOAA's mission; programs that are not necessary to meet essential program needs; or, given the need to reduce simultaneously the Federal budget deficit and fund higher priority on-going and new programs, are not critical to the building of sustainable fisheries:

A decrease of $400,000 is requested for pass-through funds to the Great Lakes Fishery Commission for International Fisheries Commissions. These activities are more appropriately the responsibility of the Department of the Interior and should be funded by them in order to enable NMFS funds to support proposed increases in the Northeast Region in Gloucester, MA that are required to implement fishery management plans developed by the New England Fishery Management Council.

A decrease of $1,346,000 is requested in the Fishing Vessel Obligation Guarantee account (-$459,000), the Promote and Develop Fisheries Products account (-$744,000), the Fishing Vessel Gear Damage Fund (-$1,000 and in the Foreign Fishing Observer Fund (-$142,000). These decreases are described under each of these accounts.

A decrease of 40 FTE and $610,000 is requested associated with overall FTE reductions (-40 FTE and -$457,000 in ORF) and administrative savings from more efficient operations (-$138,000 in ORF and -$15,000 in FFOF).

Ensure Adequate Compliance (+24 FTE; +4,392,000 in ORF: NOAA requests a net increase of 24 FTE and $4,392,000.

Program Increase (+27 FTE, +$4,605,000 in ORF): NOAA requests an increase of $4,605,000 to establish a level of adequate compliance that will ensure fairness and the success of statutory and regulatory actions associated with Federal stewardship responsibilities, including actions taken by the eight Regional Fishery Management Councils. Even productive fisheries will become overutilized unless there is adequate compliance with fishing regulations and such compliance is directly related to the level of enforcement activity. However, at present, while there are more than 90,000 commercial vessels fishing in Federal waters throughout the United States, millions of individual recreational fishermen fishing from private boats, charter vessels, piers and beaches and an increasing number of species requiring protection under the MMPA and the ESA, there are only 115 NOAA enforcement personnel throughout the United States.

NOAA will embark upon an aggressive program to implement controlled access regimes developed by the Regional Fishery Management Councils and approved by the Secretary of Commerce, and improve the success of existing fisheries management plans by achieving higher levels of compliance through increased enforcement presence and more timely prosecution of resource offenders. Guided by the Strategic Enforcement Plan, NOAA will deploy additional enforcement agents and officers to enforce regulations promulgated under the MFCMA, the MMPA, the ESA, and the Lacey Act. Additional support for enforcement will focus on the implementation of controlled access regimes--the key to building sustainable fisheries. These enforcement activities will target under-reporting and catch data falsification, illegal fishing activities in limited access regimes, and the interstate and international trafficking of marine mammal and endangered species parts, and products.

The proposed FY 1995 increase will expand enforcement activities in all five NMFS Regions to support requirements of the ESA, MMPA and the MFMCA. The majority of the increase is associated with achieving adequate compliance with existing and future fishery management plans. The primary increase will occur in Alaska to meet the demands of approved actions by the North Pacific Fishery Management Council and to strengthen overall compliance. The Northeast and Southeast Regions also will be targeted based an the number of states requiring coverage and the need to meet the requirements of actions taken by the five Regional Fishery Management Councils that cover the Northeast and Southeast regions of the U.S.. The Northwest and Southwest Regions will to a lesser degree have enforcement capabilities increased with the proposed increase.

Program Decrease (-3 FTE; -$213,000 in ORF): A decrease of 3 FTE and $ 213,000 is requested associated with the overall FTE reduction (- 3 FTE and - $187,000) and administrative savings from more efficient operations ($ -26,000).

Reduce Bycatch (-$721,000 in ORF): NOAA requests a decrease of 0 FTE and $721,000.

Program Decreases: (0 FTE and-$721,000 in ORF): NOAA requests decreases of $721,000 to terminate low priority programs that are: not consistent with NOAA's mission; programs that are not necessary to meet essential program needs; or, given the need to reduce simultaneously the Federal budget deficit and fund higher priority on-going and new programs, are not critical to the building of sustainable fisheries:

A decrease of $700,000 is requested for Conservation Engineering Bycatch programs carried out by the Gulf and South Atlantic Fisheries Development Foundation to assess finfish bycatch in the Gulf of Mexico and South Atlantic shrimp trawl fisheries. This activity should be terminated in order to support proposed increases for the Southeast region that are required to meet base program operations, statutory requirements and to support the Regional Fishery Management Councils.

A decrease of $ 21,000 is requested associated with the overall FTE reduction (- $14,000) and administrative savings from more efficient operations ($ -7,000).

Accelerate Growth of U.S. Marine Aquaculture (-1 FTE; -$10,502,000 in ORF): NOAA requests a net decrease of 1 FTE and $10,502,000.

Program Increase (+2 FTE, +$1,125,000 in ORF): NOAA requests an increase of $1,125,000 to begin the process of accelerating the growth of U.S. marine aquaculture. The U.S. is behind the rest of the world in the production of seafood by marine aquaculture. Globally, aquaculture accounts for about 15 percent of fisheries production and about one-third of gross revenues. Stock enhancement in coastal waters using aquaculture techniques supports valuable fisheries in some counties such as Japan and Norway. Yet marine aquaculture and stock enhancement are almost insignificant in the U.S. except for enhancement of Pacific salmon. In addition, assessments of the potential production from wild stocks and the demand for seafood, clearly indicate an increasing dependence on aquaculture and stock enhancement in the future.

The primary impediments to the development of marine aquaculture and stock enhancement techniques in the U.S. are: the relatively high costs of land, labor and capital in the U.S.; the disorganized and relatively small-scale nature of U.S. firms, which are thus prevented from making the large investments required to develop aquaculture technologies; concerns about the possible negative environmental impacts of aquaculture; and conflicts related to competing uses of coastal land and waters.

NOAA proposes to conduct a series of focused research projects to address the specific impediments to aquaculture and stock enhancement in the U.S. These studies will be based on the recent National Research Council report titled, "MARINE AQUACULTURE -- Opportunities for Growth." The primary NOAA facilities that will participate in these studies are NMFS facilities in Milford, CT; Galveston, TX; Auke Bay, AK; and Seattle, WA.

Program Decreases: (- 1 FTE, - $11,627,000 in ORF): NOAA requests a decrease of $11,627,000 to terminate low priority programs that: are not consistent with NOAA's mission; programs that are not necessary to meet essential program needs; or, given the need to reduce simultaneously the Federal budget deficit and fund higher priority on-going and new programs, are not critical to the building sustainable fisheries:

A decrease in NOAA funding of $10,300,000 is requested for the Columbia River Hatcheries. This decrease will not affect the operations and maintenance of the Columbia River hatcheries. Legislation will be proposed to allow the Bonneville Power Administration to generate the necessary funds for the operation and maintenance of the hatcheries. NOAA will maintain its current management control of the hatcheries through administration of the funds generated by BPA. In view of the need to reduce the Federal deficit, this approach will reduce Federal spending from the Treasury while maintaining an important program.

A decrease of $576,000 is requested for operation and maintenance costs at the Fish and Wildlife Service's Stuttgart, Arkansas facility. NOAA funding should not support the Department of Interior's catfish rearing at Stuttgart. These activities relate to freshwater programs which are the responsibility of the Department of the Interior, not the Department of Commerce.

A decrease of $750,000 is requested for Mahi Export Strategies and U.S. Aquaculture Exchange Programs conducted by the Oceanic Institute in Hawaii. These activities should be terminated in order to support proposed increases to meet base operation and statutory requirements of the NMFS Honolulu laboratory and the Western Pacific Fishery Management Council.

A decrease of 1 FTE and $1,000 is requested associated with the overall FTE reductions.

Benefits to the Nation

NOAA's strategy is designed to maximize the economic utility of U.S. fisheries. The potential increase in net revenues for all U.S. fisheries is estimated as $2.9 billion per year. The annual impact on the national economy (direct, indirect and induced) associated with building sustainable fisheries is about $25 billlon, including an $8 billion impact on the Gross Domestic Product (GDP), and about 300,000 jobs. This will lead to a healthy fishing industry and increased tax revenues of about $1 billion from the harvesting sector alone as it becomes profitable–much more if the flow of fisheries profits to other investments is included. In addition, aquaculture and stock enhancement have the potential to produce billions of dollars of economic growth and hundreds of thousands of new jobs. Additional benefits include:

- Less loss of life and property during commercial fishing by eliminating the dangerous and wasteful "race for the fish";
- Improved recreational opportunities for anglers;
- A steady supply of high-quality domestic seafood;
- An improved investment climate, with fewer market gluts, to encourage additional economic growth of the fishing industry and secure more favorable trade positions in the world market;
- Fewer allocation conflicts and controversial management decisions;
- Reduced bycatch mortality and waste of fishery products;
- Fewer illnesses and deaths associated with seafood;
- Increased public confidence in and knowledge of seafood products;

- An expanding U.S. marine aquaculture industry with decreased dependence on the sensitive coastal zone, lower priced seafood for consumers, stabilized availability of fish to seafood processors, reduced dependence on capture fisheries, greater employment, and a reduced trade deficit in seafood; and
- Enhancement of depleted stocks of capture fisheries through use of aquaculture.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
Number of the 236 Idenitified Fish Stocks Which Are Fully Assessed	165	170	171	172	173
Percent of Assessed Fish Stocks Which Are Fully Utiltized	39	42	45	48	51
Value of Landings ($ billions)	$3.7	$3.9	$4.1	$4.3	$4.5
Fisheries Management Plans With Access Controls Implemented	24	25	26	27	28

The most significant performance measures for the goal of building sustainable U.S. fisheries are the additional value of ex-vessel landings from rebuilt and currently underutilized stocks and harvesting cost savings which will result from elimination of excess harvesting capacity. The rebuilding of all U.S. fisheries, as proposed in the NOAA Strategic Plan, would result in a net revenue increase to the industry of approximately $2.9 billion, which would be made up of $1.8 billion in additional value of landings and $1.1 billion in harvestings savings. This will generate an additional tax revenues of about $1 billion from the harvesting sector alone as it becomes profitable -- much more if the flow of fisheries profits to other investments is included. The FY 1995 increase will put NOAA on a path to achieve this economic benefit.

Exhibit 14

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
OPERATIONS, RESEARCH, AND FACILITIES
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Initiative: **Build Sustainable U.S. Fisheries**
Program Change: **Build Sustainable U.S. Fisheries**

Title:	Grade	Number	Annual Salary	Total Salaries
Fishery Biologist	GS-14	1	59,022	$59,022
Supervisor Fishery Administrator	GS-14	1	59,022	$59,022
Computer Specialist	GS-13	2	49,947	$99,894
Sociologist	GS-13	1	49,947	$49,947
Economist	GS-13	1	49,947	$49,947
Fisheries Administrator	GS-13	1	49,947	$49,947
Sociologist	GS-13	1	49,947	$49,947
Computer Specialist	GS-12	2	42,003	$84,006
Computer Systems Analyst	GS-12	1	42,003	$42,003
Fishery Biologist	GS-12	2	42,003	$84,006
Operations Research Analyst	GS-12	2	42,003	$84,006
Statistician	GS-12	1	42,003	$42,003
Resource Management Specialist	GS-12	4	42,003	$168,012
Resource Policy Analyst	GS-12	2	42,003	$84,006
Sociologist	GS-12	2	42,003	$84,006
Special Agent	GS-12	20	42,003	$840,060
Operations Research Analyst	GS-12	1	42,003	$42,003
Administrative Officer	GS-11	1	35,045	$35,045
Computer Analyst/Programmer	GS-11	3	35,045	$105,135
Fishsery Biologist	GS-11	2	35,045	$70,090
Operations Research Analyst	GS-11	1	35,045	$35,045
Statistician	GS-11	1	35,045	$35,045
Economist	GS-11	2	35,045	$70,090
Regulator Coordinator	GS-11	2	35,045	$70,090
Resource Policy Analyst	GS-11	3	35,045	$105,135
Sociologist	GS-11	2	35,045	$70,090
Marine Scientist	GS-11	1	35,045	$35,045
Attorneys	GS-11	7	35,045	$245,315

Exhibit 14

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
OPERATIONS, RESEARCH, AND FACILITIES
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Initiative: **Build Sustainable U.S. Fisheries**
Program Change: **Build Sustainable U.S. Fisheries**

Title:	Grade	Number	Annual Salary	Total Salaries
Data Technician	GS-09	1	28,964	$28,964
Computer Specialist/Technician	GS-09	2	28,964	$57,928
Fishery Biologist	GS-09	4	28,964	$115,856
Fishery Reporting Specialist	GS-09	1	28,964	$28,964
Operations Research Analyst	GS-09	2	28,964	$57,928
Economist	GS-09	6	28,964	$173,784
Resource Management Specialist	GS-09	8	28,964	$231,712
Sociologist	GS-09	2	28,964	$57,928
Biological Technician	GS-07	3	23,678	$71,034
Fishery Biologist	GS-07	4	23,678	$94,712
Fishery Reporting Specialist	GS-07	1	23,678	$23,678
Computer Specialist	GS-07	1	23,678	$23,678
Survey Statistician	GS-07	1	23,678	$23,678
Resource Management Specialist	GS-07	2	23,678	$47,356
Secretary	GS-06	2	21,308	$42,616
ITQ Specialist	GS-06	2	21,308	$42,616
Biological Technician	GS-05	5	19,116	$95,580
Data Technician	GS-05	1	19,116	$19,116
Fishery Biologist	GS-05	1	19,116	$19,116
Fishery Reporting Specialist	GS-05	4	19,116	$76,464
Permit Specialist	GS-05	8	19,116	$152,928
Fishery Reporting Aide	GS-04	1	17,086	$17,086
Total		132		4,350,684
Less Lapse		0		0
Total full-time permanent(FTE)		132		4,350,684
1995 Pay Adjustment(1.6%)				69,611
Total				4,420,295

Exhibit 14

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
OPERATIONS, RESEARCH, AND FACILITIES
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Initiative: **Build Sustainable U.S. Fisheries**
Program Change: **Build Sustainable U.S. Fisheries**

Title:	Grade	Number	Annual Salary	Total Salaries
Personnel Data				
Full-Time Equivalent Employment				
Full-time permanent		132		
Other than full-time permanent		0		
Total		132		
Authorized Positions:				
Full-time permanent		132		
Other than full-time permanent		0		
Total		132		

Exhibit 14

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
OPERATIONS, RESEARCH, AND FACILITIES
PROGRAM CHANGE PERSONNEL DETAIL

(Dollar amounts in thousands)

Initiative: **Build Sustainable U.S. Fisheries**
Program Change: **Build Sustainable U.S. Fisheries**

Title:	Grade	Number	Annual Salary	Total Salaries
Operations Research Analyst	GS-04	(3)	17,086	($51,258)
Data Technician	GS-04	(22)	17,086	($375,892)
Biological Technician	GS-04	(24)	17,086	($410,064)
Permit Specialist	GS-04	(21)	17,086	($358,806)
Fishery Reporting Aide	GS-04	(24)	17,086	($410,064)
Fishery Biologist	GS-04	(21)	17,086	($358,806)
Survey Statistician	GS-04	(19)	17,086	($324,634)
Resource Management Specialist	GS-04	(20)	17,086	($341,720)
Economist	GS-04	(21)	17,086	($358,806)
Total		(175)		(2,990,050)
Less Lapse		0		0
Total full-time permanent(FTE)		(175)		(2,990,050)
1995 Pay Adjustment(1.6%)				0
Total				(2,990,050)

Exhibit 14

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
OPERATIONS, RESEARCH, AND FACILITIES
PROGRAM CHANGE PERSONNEL DETAIL

(Dollar amounts in thousands)

Initiative: Build Sustainable U.S. Fisheries
Program Change: Build Sustainable U.S. Fisheries

Title:	Grade	Number	Annual Salary	Total Salaries
Personnel Data				
Full-Time Equivalent Employment				
Full-time permanent		(175)		
Other than full-time permanent		0		
Total		(175)		
Authorized Positions:				
Full-time permanent		(175)		
Other than full-time permanent		0		
Total		(175)		

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research and Facilities
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations in thousands)

Element: Build Sustainable U.S. Fisheries
Program Change: Build Sustainable U.S. Fisheries

Object Class	1995 Increase
11 Personnel compensation	
11.1 Full-time permanent	4,420
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	4,420
12.1 Civilian personnel Benefits	1,236
13 Benefits for former personnel	0
21 Travel and transportation of persons	233
22 Transportation of things	232
23.1 Rental payments to GSA	421
23.2 Rental payments to others	207
23.3 Communications, utilities and miscellaneous charges	234
24 Printing and reproduction	219
25.1 Consulting service	0
25.2 Other services	9,867
26 Supplies and materials	2,405
31 Equipment	9,789
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	11,333
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 **Total obligations**	**40,596**

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research and Facilities
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations in thousands)

Element: Build Sustainable U.S. Fisheries
Program Change: Build Sustainable U.S. Fisheries

Object Class	1995 Increase
11 Personnel compensation	
11.1 Full-time permanent	(2,990)
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	(2,990)
12.1 Civilian personnel Benefits	(108)
13 Benefits for former personnel	0
21 Travel and transportation of persons	0
22 Transportation of things	0
23.1 Rental payments to GSA	0
23.2 Rental payments to others	0
23.3 Communications, utilities and miscellaneous charges	0
24 Printing and reproduction	0
25.1 Consulting service	0
25.2 Other services	(976)
26 Supplies and materials	0
31 Equipment	0
32 Lands and structures	0
33 Investments and loans	
41 Grants, subsidies and contributions	(18,041)
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Total obligations	(22,115)

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Recovering Protected Species											
Reduce Marine Mammal/Fishery Interactions	Pos./BA	70	5,562	53	5,137	53	5,179	56	7,154	3	1,975
	FTE/Obl.	67	5,060	51	5,328	51		54		3	
Assess the Status of Protected Species	Pos./BA	275	14,314	224	21,642	224	21,877	206	28,267	(18)	6,390
	FTE/Obl.	260	21,210	215	22,438	215		198		(17)	
Implement Recovery/Conservation Plans	Pos./BA	50	0	39	4,344	39	4,344	50	12,956	11	8,612
	FTE/Obl.	47	4,286	38	4,519	38		49		11	
Take a Proactive Approach/Prevent Listings	Pos./BA	0	0	0	0	0	0	2	2,200	2	2,200
	FTE/Obl.	0	0	0	0	0		2		2	
Subtotal, Recovering Protected Species	Pos./BA	395	19,876	316	31,123	316	31,400	314	50,577	(2)	19,177
	FTE/Obl.	374	30,556	304	32,285	304		303		(1)	

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Environmental Stewardship
Recover Protected Species

Vision Statement

NOAA's primary challenge is to bring about the recovery of protected species to optimal levels so that they no longer require conservative protective measures under the Marine Mammal Protection Act (MMPA) and the Endangered Species Act (ESA). The recovery of protected species will alleviate the need for restrictions on commercial fishing and other human activities that are designed to mitigate further population declines and to facilitate recovery of protected species. Moreover, NOAA will be seen as the model steward of the global environment. Although NOAA has been able to halt the decline of some marine species by taking regulatory actions, more effective and efficient protection could be afforded our marine species through early, pro-active non-regulatory actions. To effect the recovery of protected species, NOAA must determine the extent of the problem and how one aspect of the problem affects others and take effective, early action to ensure the protection of the species without unduly limiting economic activities.

Society's conflicting goals intensify the challenge to NOAA. Americans have expressed through our legislators that marine mammals, and other marine species whose existence is threatened by human activity are of great value to society and should be protected. Americans also depend economically on marine ecosystems. However, the exploitation of these marine resources often has adverse impacts on the species protected by our laws. The simultaneous protection of the species and the economic activity affecting the species is NOAA's challenge

Proposed Legislation

Legislation is proposed to reauthorize the Endangered Species Act (ESA), P.L. 95-632, and the Marine Mammal Protection Act (MMPA), P.L. 100-711. Legislation also will be proposed to collect additional fees to be deposited in a special fund in the Treasury to help offset the cost of living marine resource programs.

Base Program FY 1995

These activities provide for the management and conservation of protected species based on research on the biology of protected species. NOAA is required, under three principal acts relating to protected species -- the Marine Mammal Protection Act of 1972 (MMPA), the Endangered Species Act of 1973 (ESA), and the Fur Seal Act -- to evaluate and minimize the effects of human activities on protected marine, estuarine, and anadromous species. Responsibility for the implementation of the ESA and the MMPA is shared with the Department of the Interior. In general, the Department of the Interior is responsible for the conservation of terrestrial and aquatic (freshwater) organisms and NOAA is responsible for conservation of living marine resources, which include most marine mammals, many species of fish (both commercially valuable and non-harvested species), sea turtles, and listed species of invertebrates and plant life.

NOAA is responsible for the management, conservation, and recovery of 30 marine species listed as threatened or endangered under the ESA. An additional 51 species are currently estimated to be candidates for listing. Through interagency agreements, NOAA cooperates with the Department of Interior in listing, protecting, and controlling the importation of threatened or endangered marine species into this country. NOAA also promulgates and administers regulations; reviews state laws, regulations, and management programs for compliance with Federal regulations; monitors certificates to allow limited interstate commerce in certain whale oil and scrimshaw products; and reviews applications and issues permits for scientific research and propagation activities. NOAA also provides public education and information services on protected species; participates in regional networks for stranded mammals and turtles with universities, state agencies, and private organizations; develops species recovery programs; consults with other Federal agencies; and develops biological opinions under Section 7 of the ESA to help Federal agencies ensure that their activities are not likely to jeopardize the continued existence of listed species or their critical habitats.

With certain limited exceptions, the MMPA and the ESA both prohibit the taking (i.e. harassing, hunting, capturing, or killing, or attempting to harass, hunt, capture, or kill) of depleted and non-depleted marine mammals and other endangered or threatened species. The MMPA allows the Secretary of Commerce to authorize U.S. citizens to incidentally take small numbers of non-depleted and depleted marine mammals when the Secretary finds that the total of such taking would have a negligible impact on the affected species or stock and would not have an unmitigable adverse effect on subsistence taking. The ESA provides similar authority to the Secretary to authorize the incidental take of threatened and endangered species. To make the determination to authorize the incidental take of listed species, the Secretary must have reliable information on the current status of the affected species or population and the number or proportion of the population to be taken by the proposed activity. For 80 percent of the marine mammal populations within U.S. waters, there is insufficient information with which to make a negligible impact determination.

Without adequate information to assess the status of protected species populations, NMFS has no alternative but to make conservative judgements concerning allowable takes. This results in restrictions (sometimes extreme) on commercial fishing and other commercial and recreational activities. Such restrictions are especially counterproductive when commercial fisheries are closed before optimum harvests are attained because the incidental take of protected species has reached the authorized level. Similarly, the effectiveness of offshore oil and gas development restrictions designed to protect these species cannot be evaluated because of inadequate information on the affected species' status. The lack of data on salmon species also may result in more severe restrictions to hatchery operations, grazing, irrigation, and timber harvest. Furthermore, status assessments allow NMFS to identify stocks in most need of management actions. If these stocks can be identified, and mitigation plans developed before the stocks become depleted, threatened, or endangered, then necessary actions to allow recovery of these stocks may be less restrictive than those required for listed species.

Reduce Interactions Between Protected Species and Human Activity

As part of its implementation of the MMPA, NOAA administers a moratorium program on the taking of marine mammals. The implementation of this moratorium includes developing and implementing procedures to reduce the mortality of marine mammals during domestic and foreign commercial fishing operations, Outer Continental Shelf development and other activities affecting these animals. In 1988, the MMPA was amended to establish the Interim Exemption for Commercial Fisheries (Interim Exemption), which governs the taking of marine mammals during commercial fishing operations. NOAA processes applications for the taking or importing of marine mammals and conducts public hearings on these applications. The primary objective of the Interim Exemption is to provide a temporary means for collecting reliable data about marine mammal interactions with commercial fisheries while allowing commercial fishing to continue. The Interim Exemption applies to U.S. commercial fishing vessels and foreign fishing vessels with permits issued under the Magnuson Fishery Conservation and Management Act. The amendments require observer coverage on domestic fishing vessels in fisheries in which there is a high level of interaction between the fishing operations and marine mammals. NOAA began implementation of this program in 1989 and achieved full observer coverage in all eleven Category I fisheries in FY 1990 and FY 1991. The Interim Exemption expired on October 1, 1993 and was extended to April 1994. The extension is necessary to allow Congress to establish final legislation for a new program. Obtaining marine mammal abundance estimates and stock identification work likely will be vital components of the new regime.

NOAA manages the fur seal herd located in the Pribilof Islands, authorized by the Fur Seal Act of 1966, as amended (P.L. 98-129), and conducts supporting research. NOAA also contributes to the retirement fund established by the Fur Seal Act for Aleuts.

NOAA also evaluates Turtle Excluder Devices (TEDs) to reduce mortality of threatened or endangered sea turtles incidental to trawl fishing efforts. Efforts to date indicate that TEDs are effective in reducing mortality of sea turtles, and that continued monitoring is necessary to enforce the use of these devices in various fisheries.

NOAA also is responsible for implementing several international agreements concerning marine mammals, including the International Convention for the Regulation of Whaling, and participates in numerous international negotiations concerning these and other marine mammal agreements.

Assess the Status of Protected Species

NOAA collects biological, environmental, and ecosystem data about the Nation's protected species, including marine mammals and species listed or petitioned for listing under the ESA. Research programs are conducted nationwide by NOAA's fisheries research laboratories and provide fundamental information required by Federal, state and industry decision-makers for conservation and management purposes. Protected species research focuses on abundance, distribution, migrations, bioprofiles, marine mammal population trends, and the impacts of human activity on a variety of marine species (e.g., seals, monk seals, sea lions, and sea turtles). Before research into population dynamics can be designed, conducted, and interpreted properly, the structure of the population must be defined. Molecular genetics and traditional approaches to stock identification supply data necessary to distinguish appropriate population stocks of protected marine life. NOAA specifically investigates the effects of commercial fishing, dams, power plants, effluence, dumping, dredging and logging on protected species, including salmon. State-of-the-art remote sensing and other technologies are developed and used to improve the timeliness and quality of the information collected on protected species. NOAA cooperates with the Navy to apply sonic technology (SOSUS and SURTASS) to its efforts to monitor protected species, as well as those that enter commercial markets.

These activities help to determine the status of protected species and to evaluate the impact of human activities on these species, as required under the MMPA and the ESA. However, at the current funding level, NOAA must focus its research and monitoring efforts on the most critical situations where sensitive populations of protected species are adversely affected by human activity, particularly fishing operations, and on species that are the subject of specific petitions for status review when the petitioner has provided sufficient information to warrant such a review. Such species include a number of salmon runs and all species of sea turtles in the U.S. waters. In addition to initial status assessments resulting from petitions, periodic status reviews are required to monitor the status of listed species and to evaluate management activities.

A program was established in 1992 to set up a National Marine Mammal Tissue Bank and improve management information that can be obtained from stranded animals. Marine mammal tissues are collected and stored in the Tissue Bank utilizing rigorous protocols. The tissues provide baseline data on levels of contaminants in marine mammals. Stored tissues can be utilized to compare present and past conditions and as an indicator of changes in the marine environment. The Tissue Bank helps to determine if human contaminants are affecting marine mammals and contributing to population declines or unusual mortalities. In order to help researchers draw conclusions from results, a quality assurance program has been established that includes preparation of standard reference materials. NOAA is working with state and local officials and with private sector volunteers to upgrade the capacity of the marine mammal and sea turtle stranding networks. In addition to generating scientific information on marine mammals, improvements will assist in detecting and determining the causes of unusual mortality events.

Implement Conservation/Recovery Plans:

When a species or population is declared depleted under the MMPA or threatened or endangered under the ESA, NOAA is responsible for developing and implementing recovery or conservation plans to promote the restoration of the species. This includes convening a team of experts that, among other things, identifies specific research and management activities necessary to promote the recovery of the affected species or population. At present NOAA has developed recovery and conservation plans for only 12 of the 32 currently listed species; of these recovery plans, only two have been implemented.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
% of marine mammal stocks for which trend has been determined	15	15	15
% of listed species with recovery plan requirements satisfied	35	40	40
% of listed species with recovery plan requirements implemented	6	4	4
% of salmon stocks ('93 base) removed from concerned status	–	–	–
% reduction of marine mammal bycatch in commercial fishing	–	–	–

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Recover Protected Species	304	$31,400	303	$50,577	(1)	$19,177

The net change proposed for recovering protected species is -1 FTE and $19,177,000. Program increases totalling 31 FTE and $19,585,000 are proposed to support adequate base operations and meet statutory requirements necessary to recover protected species. As a partial offset to these requirements, program decreases totalling 32 FTE and $408,000 are proposed for non-essential activities. In addition, collection fees are proposed separately to be deposited in a special fund in the Treasury to help offset the cost of living marine resource programs.

The MMPA and the ESA direct the Secretary of Commerce to take appropriate actions to promote the recovery of many marine and anadromous species and to monitor the progress of these species toward recovery. Current funding levels allow only a small fraction of the necessary actions to be conducted. Within the increased funding requested, NOAA's data collection and monitoring efforts will focus on critical marine mammals that have high levels of interactions with commercial fishing operations (e.g., species of marine mammals that are listed as threatened, endangered or depleted). Although recovery plans have been developed for many listed species, most of these have not been implemented and many other species listed as threatened or endangered are not protected by recovery plans. Developing and implementing these needed recovery plans will hasten the recovery of these stocks. The sooner recovery plans are developed and implemented to restore protected species to optimal levels, the sooner we can restore the health and stability of the marine ecosystems upon which protected species and many humans depend for their livelihood. Furthermore, restrictions on commercial fishing and other development can be lifted and economic benefits that presently are lost will be realized. For FY 1995, the development and implementation of recovery plans will be based on the highest priority actions for selected species. This program also will address problems with the current stranding network which is incomplete, lacks coordination in key areas, and thus, cannot adequately respond to die-off events involving large numbers of animals. Similarly, this program will support improvements to the marine mammal tissue bank program which must be expanded if it is to serve its intended purpose.

The more we work to protect species before they are listed as threatened or endangered, the more we will be able to avoid conflicts among resource users. If nothing is done to protect non-listed species, NOAA is likely to have many more listings to process and recovery plans to implement, and the likely result will be that industry and recreational users will be faced with more burdensome restrictions than if earlier preventative steps to protect non-listed species had been taken.

Reduce Interactions (+3 FTE; +$1,975,000): NOAA requests a net increase of 3 FTE and $ 1,975,000.

Program Increase (+ 3 FTE, + $ 2,021,006: NOAA requests an increase of $2,021,000 to better understand the interactions between marine mammals and fisheries. Improved understanding will result in management decisions that will mitigate detrimental interactions between marine species and human activities in the marine environment. Analyses of data obtained from the Interim Exemption Program authorized by the MMPA amendments of 1988, indicate that significant marine mammal/human interactions occur in an number of fisheries and adversely affect a number of marine mammal populations. To address these adverse interactions, research to gain a greater understanding of protected species and their role in marine ecosystems will be conducted. Using this greater understanding of marine ecosystems, NOAA can make management decisions based on improved scientific information, which would avoid or reduce interactions between protected species and human activity. It also will include human socio-economic considerations regarding exploited marine ecosystems. Thus, NOAA management decisions can be based on the best information feasible to benefit protected species and minimize adverse socio-economic effects. Failure to develop this understanding will result in management decisions based on uncertainty. Such decisions require risk averse regulatory actions or would place protected species at a greater risk--an action that is prohibited by the MMPA and ESA. Risk averse decisions based on uncertainty maximize detrimental impact on human activity, particularly in small coastal communities where commercial fishing supports the local economy.

Increasing predation by marine mammals, particularly pinnipeds, appear to jeopardize the existence of some fish populations because human activity and modification of fish habitat have severely depressed the population. A greater understanding of marine mammal/prey interactions will allow NOAA to interpret the role of predation in the ecology of economically valuable species of fish. This understanding will help resolve conflicts with solid management decisions that will solve a major problem rather than treat an apparent symptom.

The principal NOAA facilities that will participate in the activities proposed for FY 1995 are the five NMFS Fisheries Science Centers which are located in Woods Hole, MA; Seattle, WA at Sand Point; La Jolla, CA; Seattle, WA at Montlake and Miami, FL. Alaska, with its vast area, large commercial fisheries and marine mammal populations, will be a primary area for ecosystem studies, involving the Auke Bay, AK laboratory. The Northwest Fisheries Science Center will address the issue of seal lions congregating at locks in the Seattle area and interfering with the migration of anadromous fish. The Northeast, Southwest, and Southeast Regions will address critical ecosystem/interaction issues in their respective areas.

Program Decrease (0 FTE, - $46,000): NOAA requests a decrease of $46,000 associated with overall FTE reductions (- $17,000) and administrative savings from more efficient operations (- $29,000).

Assess the Status of Protected Species (-17 FTE, +$6,390,000): NOAA requests a net decrease of 17 FTE and a net increase of $6,390,000.

Program Increase (+15 FTE, + $ 6,560,000): NOAA requests an increase of $ 6,560,000 to improve data on the population status of marine mammals and endangered species. This action provides a mechanism to address the shortfall of scientific data needed to determine the status of all protected species. The MMPA requires that NOAA determine the status of all cetaceans and most pinnipeds with respect to their Optimum Sustainable Populations. The ESA also requires monitoring of listed species so that their status can be updated. Efforts to monitor commercial and recreational activities and the impacts of these on marine species are also a necessary part of status assessments. This action also includes the investigation of the possible application of technology developed by the Navy (the Sound Surveillance System and Surveillance Towed Array Sensor System), to improve the efficiency of protected species assessments, particularly to track and assess the status and seasonal abundance of endangered whales.

Current funding levels allow NOAA to assess only a small portion of the populations under its management authority in a given year. Our assessment research is limited to those populations identified as critical. We fail to collect base-line data on populations of lower priority, which results in a lack of information on which to base future decisions or status assessments. Moreover, effective management actions require analysis of population trends over time, thus necessitating extensive longitudinal data collection efforts--efforts that must be supported over many years. Current funding levels have not allowed the development of adequate longitudinal data on which to base assessments of the status of about 90 percent of Atlantic marine mammals, 70 percent of Pacific marine mammals and 55 percent of turtles. Failure to assess the status of protected species in an adequate manner would result in NOAA failing to meet its statutory requirements. It would also result in restricting economic opportunity due to the uncertain status of many protected species.

The principal NOAA facilities that will participate in the activities necessary to develop accurate population estimates and stock trends are the five NMFS Fisheries Science Centers which are located in Woods Hole, MA; Seattle, WA at Sand Point; La Jolla, CA; Seattle, WA at Montlake and Miami, FL. These activities will also be conducted through cooperative agreements with universities and other interested parties.

Program Decrease (-32 FTE, -$170,000): NOAA requests a decrease of $170,000 associated with overall FTE reductions (- 32 FTE and - $92,000) and administrative savings from more efficient operations (- $78,000).

Conservation/Recovery Plans (+11 FTE; +$8,612,000): NOAA requests a net increase of 11 FTE and $ 8,612,000.

Program Increase (+ 11 FTE, + $ 8,804,000): NOAA requests an increase of $8,804,000 to develop and implement conservation and recovery plans as required by the Endangered Species Act (ESA). Currently, thirty marine species are listed under the ESA as threatened or endangered, and 2 species of marine mammals have been determined to be depleted. Conservation and recovery plans have not been developed for 20 of the 32 currently listed species. Recovery plans will be developed which will contain specific management activities to promote recovery of the species. NOAA will support consultation, status review, economic, and biological opinion activities in the Pacific northwest necessary to address critical requirements under the Endangered Species Act (ESA) regarding protection and recovery of salmon species. In addition, NOAA will support development of pre-listing agreements under the President's Forest Management Plan in order to facilitate the rebuilding of stocks at risk prior to listing by restoring watersheds and revising harvest management regimes.

If NOAA fails to develop and implement Conservation and Recovery Plans, as directed by the MMPA and ESA, many protected species could face further depletion. Additional declines of protected species would necessitate even more stringent protection, which in turn would result in additional restrictions on economic opportunity in marine ecosystems. Action to address the backlog in recovery and conservation plan development and implementation is critical not only to avoid significant legal actions citing NOAA's failure to meet its statutory requirements, but more importantly, to ensure the protection of marine species and economic opportunities for the Nation.

A major focus (approximately one-half) of the FY 1995 proposed increase will be used to address critical ecosystem/habitat issues in the Pacific Northwest and the recovery of endangered salmon on the West Coast. The Northwest Regional Office and the Northwest Fisheries Science Center will support the salmon recovery team and plan developed to restore endangered salmon. NMFS will conduct status reviews and consultations, prepare economic analyses on critical habitat and recovery actions, and will prepare biological opinions required under the ESA. NOAA also will work with other Federal/state/tribal and private landowners in accordance with the Aquatic Conservation Strategy of the President's Forest Management Plan to rebuild stocks by restoring watersheds and revising harvest management regimes. The remainder of the FY 1995 increase will be used by the Alaska Region and Fisheries Science Center and the Northwest, Southwest, and Southeast Regions and Fisheries Science Centers to develop and implement conservation and recovery plans as required under the ESA.

Program Decreases: (-$192,000): NOAA requests a decrease of $192,000.

A decrease of $192,000 is requested for the Beluga whale committee. This activity should be terminated in order to support proposed increases at the Alaska Fisheries Science Center and the Auke Bay, AK laboratory to meet base program operations and statutory requirements under the ESA and MMPA.

Take a Proactive Approach to Avoid Listings (+2 FTE; +$2,200,000):

Program Increase (+ 2 FTE, + $ $2,200,000): NOAA requests an increase of $2,200,000 to be proactive in order to avoid the costly process of listing and recovering threatened and endangered species. NOAA must develop and implement action plans, similar to conservation and recovery plans for listed species, to avoid future listings. This approach will allow NOAA to avoid the more stringent and costly regulations accompanying protection under ESA or MMPA. The disruption and economic costs to society to protect marine mammals, sea turtles and fish will be greatly reduced if species listings can be avoided by monitoring population trends and taking early preventative actions.

Currently, NOAA does not have an effective proactive approach to managing the Nation's living marine resources. Only minimum activities, such as assessing selective populations and trends, are conducted. Virtually all management actions result from a request from the public to solve a critical situation. In failing to take a proactive approach, NOAA would continue to react to crisis situations in natural resource management. This management strategy would result in maximum restrictions on human activity in marine environments. Reactive management prohibits NOAA from establishing and striving to reach protected species management goals. For example, a proactive approach is a necessity in order to avoid a national crisis in the Pacific northwest as many additional salmon species are subject to listing. At present, over 200 species of salmon are considered to be potential candidates for listing. If further declines in these species occur, the listing of such a broad range of species could result in massive economic impacts throughout the Pacific northwest, affecting hydropower, agriculture, and transportation.

Benefits to the Nation

The benefit from this program is the restoration, in a cost-efficient manner, of marine species which have tremendous, although often immeasurable, value to the American people. The recovery of these species, and avoiding the decline of others, will contribute to the overall health of the marine ecosystem, and reduce unnecessary delays to business caused by inadequate information. This program also will result in a greater understanding of marine species and the ecosystems in which they occur. This understanding is of great scientific value, and it can be applied to management strategies that will allow NOAA to conserve the Nation's living marine resources for future generations of Americans, as well as those who may enjoy them today, while mininizing adverse economic consequences. Scientifically-based management strategies convey optimum benefits to American society.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
% of marine mammal stocks w/trend determined	15	15	15	18	21
% of listed species w/ recovery plans	40	50	75	75	75
% of listed species w/ recovery plans implemented	10	15	20	25	30
% reduction of marine mammal bycatch in commercial fishing	--	5	10	15	20

Exhibit 14

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
OPERATIONS, RESEARCH,AND FACILITIES
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Initiative: Recovering Protected Species
Program Change: Recovering Protected Species

Title:	Grade	Number	Annual Salary	Total Salaries
Fishery Biologist	GS-13	7	49,947	$349,629
Marine Resource Management Specialist	GS-13	1	49,947	$49,947
Fishery Biologist	GS-12	6	42,003	$252,018
Permit Analyst	GS-12	1	42,003	$42,003
Fishery Biologist	GS-11	7	35,045	$245,315
Fishery Biologist	GS-09	7	28,964	$202,748
Fishery Biologist	GS-07	2	23,678	$47,356
Total		31		1,189,016
Less Lapse		0		0
Total full-time permanent (FTE)		31		1,189,016
1995 Pay Adjustment (1.6%)				19,024
Total				1,208,040

Personnel Data	Number
Full-Time Equivalent Employment	
Full-time permanent	31
Other than full-time permanent	0
Total	31
Authorized Positions :	
Full-time permanent	31
Other than full-time permanent	0
Total	31

Exhibit 14

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
OPERATIONS, RESEARCH,AND FACILITIES
PROGRAM CHANGE PERSONNEL DETAIL

(Dollar amounts in thousands)

Initiative: Recovering Protected Species
Program Change: Recovering Protected Species

Title:	Grade	Number	Annual Salary	Total Salaries
Fishery Biologist	GS-13	(1)	49,947	($49,947)
	GS-12	(1)	42,003	($42,003)
	GS-11	(1)	35,045	($35,045)
	GS-09	(1)	28,964	($28,964)
	GS-08	(1)	26,223	($26,223)
Fishery Biologist Technician	GS-07	(2)	23,678	($47,356)
Secretary	GS-03	(11)	15,221	($167,431)
Clerk-typist	GS-02	(14)	13,948	($195,272)
Total				
Less Lapse		0		0
Total full-time permanent (FTE)		(32)		(592,241)
1995 Pay Adjustment (1.6%)				0
Total				(592,241)

Personnel Data	Number
Full-Time Equivalent Employment	
Full-time permanent	(32)
Other than full-time permanent	0
Total	(32)
Authorized Positions :	
Full-time permanent	0
Other than full-time permanent	0
Total	0

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research and Facilities
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations in thousands)

Element: Recovering Protected Species
Program Change: Recovering Protected Species

Object Class	1995 Increase
11 Personnel compensation	
11.1 Full-time permanent	1,208
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	1,208
12.1 Civilian personnel Benefits	350
13 Benefits for former personnel	0
21 Travel and transportation of persons	167
22 Transportation of things	167
23.1 Rental payments to GSA	334
23.2 Rental payments to others	167
23.3 Communications, utilities and miscellaneous charges	167
24 Printing and reproduction	167
25.1 Consulting service	0
25.2 Other services	10,023
26 Supplies and materials	1,838
31 Equipment	2,064
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	2,933
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Total obligations	19,585

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research and Facilities
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations in thousands)

Element: Recovering Protected Species
Program Change: Recovering Protected Species

Object Class	1995 increase
11 Personnel compensation	
11.1 Full-time permenent	(592)
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	(592)
12.1 Civilian personnel Benefits	(130)
13 Benefits for former personnel	0
21 Travel and transportation of persons	0
22 Transportation of things	0
23.1 Rental payments to GSA	0
23.2 Rental payments to others	0
23.3 Communications, utilities and miscellaneous charges	0
24 Printing and reproduction	0
25.1 Consulting service	0
25.2 Other services	443
26 Supplies and materials	20
31 Equipment	43
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	(192)
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Total obligations	(408)

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Coastal Ecosystems Health											
Integrated Management Operations	Pos./BA	261	60,908	210	68,454	210	69,032	206	71,420	(4)	2,388
	FTE/Obl.	248	61,702	202	71,610	202		198		(4)	
Comprehensive Assessment & Synthesis	Pos./BA	341	40,275	163	46,964	163	26,153	159	25,485	(4)	(668)
	FTE/Obl.	323	36,060	157	51,618	157		153		(4)	
Expanded Ecosystem Monitoring	Pos./BA	72	4,999	61	4,952	61	5,060	60	4,998	(1)	(62)
	FTE/Obl.	69	4,902	59	5,049	59		58		(1)	
Improved Understanding	Pos./BA	410	58,635	359	66,944	359	67,193	358	56,781	(1)	(10,412)
	FTE/Obl.	391	64,439	344	68,832	344		343		(1)	
Increased Outreach	Pos./BA	2	2,480	1	2,521	1	2,565	1	1,364	0	(1,201)
	FTE/Obl.	2	2,483	1	2,572	1		1		0	
UNCED Activities (Coastal Related)	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Coastal Ecosystems Health	Pos./BA	1,086	167,297	794	189,835	794	170,003	784	160,048	(10)	(9,955)
	FTE/Obl.	1,033	169,586	763	199,681	763		753		(10)	

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Environmental Stewardship
Coastal Ecosystems Health

Vision Statement

Promote healthy coastal ecosystems by ensuring that economic development in coastal ecosystems of the U.S. is managed in ways that maintain biodiversity and long-term productivity for sustained use. Working in partnership with Federal and state agencies, NOAA will integrate its operational coastal management activities in an ecosystem-wide approach, expand monitoring in coastal areas, conduct assessments to provide improved and focused information for decisionmakers, provide education and outreach to increase public understanding, and undertake proactive efforts to understand and maintain marine biodiversity.

Proposed Legislation

Legislation is proposed to reauthorize the Clean Water Act (CWA) in 1994.

Legislation is proposed to reauthorize the program authority of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) in 1994, and the taxing authority for "Superfund" in 1995.

Legislation will need to be proposed to reauthorize the Coastal Zone Management Act (CZMA) in FY 1995. The CZMA expires on September 30, 1995.

Base Program FY 1995

NOAA has a broad foundation of program activities upon which to build the proposed comprehensive and integrated program to promote coastal ecosystem health. Although many of the existing NOAA programs address specific legislative mandates or management responsibilities, they also contribute scientific and management capabilities needed for implementing this initiative. The existing base programs include:

National Coastal Management Programs
National Marine Sanctuary Program
National Habitat Protection Program
Hazardous Materials Response and Assessment Program

Damage Assessment and Restoration Program
Strategic Environmental Assessments Program
National Status and Trends Program
CoastWatch Change Analysis Program
Regional Marine Research Program
National Estuarine Research Reserve System
National Systematics Laboratory
Environmental Research Laboratory Programs
Coastal Ocean Program
National Sea Grant College Program
National Undersea Research Program

The objectives of the **Coastal Ecosystems Health Initiative** are to use the authorities established in the Fish and Wildlife Coordination Act, Clean Water Act, Coastal Zone Management Act, Comprehensive Environmental Response, Compensation, and Liability Act (Superfund), Oil Pollution Act, National Coastal Monitoring Act, Marine Protection Research and Sanctuaries Act, and other legislation to protect, conserve, and restore living marine resources and the environmental quality of the Nation's coastal ecosystems. By FY 2005, NOAA proposes to:

- Establish the institutional arrangements and procedural framework through which the authorities of Federal and state agencies can be focused to provide for the protection and restoration of coastal resources within a watershed/receiving basin context and to recommend management actions to minimize the cumulative effects of coastal development on NOAA trust resources.

- Define the nature and extent of actions and conditions that threaten the health and productivity of the Nation's coastal resources, conduct damage assessments to support negotiated settlements and litigation for recovering funds for restoration of injuries to NOAA trust resources, and undertake actions to restore ecosystem functions and resource values.

- Develop a joint Federal/state capability to monitor coastal ecosystems to detect unacceptable changes, to evaluate the effects of existing management strategies, and direct appropriate actions to manage threats to ecosystem health, including establishment of the program elements necessary for implementing the National Coastal Monitoring Act.

- Develop and synthesize information needed to understand and predict ecosystem functions, develop means for valuing ecological resources, clarify the causes and significance of ecosystem changes, identify requirements and opportunities for human intervention, and contribute to developing effective technology and methods for monitoring, protecting, restoring, and managing the health of coastal ecosystems. Such actions will foster maintenance of the biodiversity and productivity of natural ecosystems.

- Improve public understanding of the functions and values of coastal ecosystems, provide training opportunities to develop the professional expertise required for implementing programs to promote coastal ecosystem health, and facilitate the transfer of technology for protecting against or reducing impacts of coastal development on natural resources and restoring injured resources.

- Support NOAA's and the Nation's obligations under international treaties and conventions, and increase the effectiveness of international programs for environmental education, technology transfer, integrated coastal zone management, and sustainable use of coastal resources.

To initiate the NOAA program for Promoting Coastal Ecosystem Health, NOAA's base program will be focused and broadened to improve their contribution to achieving coastal ecosystem objectives, while continuing to serve principal base program objectives and legislative mandates.

To implement this initiative and facilitate coordination of base contributions from NOAA line organizations, NOAA established a Coastal Ecosystem Health Implementation Team. This team, comprised of representatives of line organizations, is defining program requirements and recommending management actions necessary for their achievement.

Initially NOAA will refocus its base program in coastal activities in three critical ways:

- creating an integrated management approach among the program offices involved;
- creating partnerships with state and other Federal agencies to implement the program and meet management responsibilities;
- joining with the academic community and private sector to advance understanding and improve technology.

Future program enhancements will also be directed to implementing management operations, monitoring, information development, and communications efforts required to achieve the program goal. These enhancements will include establishment of a NOAA Center for Coastal Ecosystems Health in Charleston, SC.

NOAA's base program capabilities and proposed future-year efforts will be focused in five functional areas:
Integrated Management Operations;
Comprehensive Assessment and Synthesis;
Expanded Ecosystem Monitoring;
Improved Understanding; and
Education and Outreach.

NOAA will also support international efforts that are consistent with recognized NOAA and national interests for promoting healthy coastal and oceanic ecosystems.

Base activities that will contribute to promoting Coastal Ecosystem Health are described by program functional area, as follows.

Integrated Management Operations:

Emphasis will be placed on support of high-priority Federal/State coastal programs involving application of integrated coastal management on a watershed or receiving basin scale, including non-point source pollution management, marine sanctuary management, and consideration of the cumulative impacts of coastal development and other causes of environmental degradation and loss. NOAA will integrate its management activities on a coastal ecosystem or coastal watershed basis, creating cross-disciplinary science and management teams to work on the range of issues that affect the resources for which NOAA is a public trustee. Problems will be addressed at the national level, as well as in selected coastal ecosystems.

The primary purpose of the Federal Coastal Zone Management Act (CZMA) is to encourage coastal states and territories to develop and implement continuing management programs that balance coastal resource protection and coastal-related economic activities consistent with the national interest in the coastal zone. Federal funds provide financial assistance, through cooperative agreements, to states and territories to implement Federally-approved coastal management programs. Federal resources also fund staff to oversee coastal states and territories in the development and implementation of their CZM programs and in the establishment of estuarine reserves. All Administration costs will be funded, as in FY 1994, from the Coastal Zone Management Fund.

In addition, the 1990 amendments to the CZMA established a new **Coastal Zone Enhancement Program (Sec. 309)** which responds to growing concerns about the declining health of the Nation's coastal resources, including increased population growth and intense competition for use of coastal resources. This is a voluntary program which gives states and territories the opportunity to compete for additional Federal funds awarded to states that address enforceable changes to their CZM programs in eight identified national priority areas (e.g., wetlands protection and restoration, control of cumulative and secondary impacts of coastal development, protection from coastal hazards, management of ocean resources, reduction of marine debris, siting of energy and government facilities, public access to coastal areas, and special area management planning.)

The 1990 amendments also established the **Coastal Nonpoint Pollution Control (CNPC) Program (Section 6217)**. The purpose of this program is to strengthen the links between Federal and state coastal zone and water quality management programs (developed under the Clean Water Act) and thereby enhance state and local efforts to manage land uses that impact coastal water quality. Under the CNPC program, states with federally-approved CZM programs are required to develop and implement enforceable programs to control sources of nonpoint pollution that have significant impact on coastal waters. The program is a coordinated effort, both on the federal level between NOAA and EPA, and on the state level between state CZM and water quality agencies. EPA and NOAA must approve all state CNPC's. NOAA is currently developing a program of technical assistance to assist coastal states in the development of these mandatory water quality programs. NOAA also conducts evaluation of state CZM programs and estuarine reserves under Section 312 of the CZMA.

NOAA administers the **National Estuarine Research Reserve Program** (as authorized by Section 315 of the Coastal Zone Management Act of 1972). Under this program NOAA; 1) establishes and oversees state management, through a Federal/State cooperative effort, of a national system of representative estuarine ecosystems; 2) ensures that these ecosystems are suitable for long-term research; 3) assists states in the development of management plans; and, 4) provides financial assistance to states to (a) acquire these ecosystems, (b) constructs and operates facilities, and (c) supports educational programs and research projects. By September 30 1995 there will be 22 designated estuarine research reserves in the following states: Oregon, Georgia, Ohio, Maryland, California (2), Washington, Rhode Island, Florida (2), Puerto Rico, Maine, North Carolina, Hawaii, New York, Alabama, Massachusetts, New Hampshire, Virginia, South Carolina (2), and Delaware. Four additional reserves are in development; New York (St. Lawrence River), California (San Francisco Bay), Florida (East Coast), and New Jersey (Mullica River).

NOAA also manages the **Marine Sanctuary Program** under Title III of the Marine Protection, Research, and Sanctuaries Act of 1972, by 1) identifying areas of the marine environment of special national significance due to their resource or human-use values; 2) carrying out a comprehensive and coordinated program of conservation and management of these marine areas; 3) supporting, promoting, and coordinating scientific research on, and monitoring of, the resources of these protected areas; 4) enhancing public awareness, understanding, and appreciation of the marine environment; and, 5) facilitating, to the extent compatible with the primary objectives of resource protection, all public and private uses of the resources of these marine areas not prohibited pursuant to other authorities. By September 30, 1995 , there will be 12 designated National Marine Sanctuaries; MONITOR (NC), Channel Islands (CA) , Gray's Reef (GA), Gulf of the Farallones (CA), Fagatele Bay (AS), Cordell Bank (CA), Florida Keys (FL), Flower Garden Banks (LA/TX), Stellwagen Bank (MA), Monterey Bay (CA), Olympic Coast (WA) and the Hawaiian Islands Humpback Whale. Existing sanctuaries at Key Largo and Looe Key, Florida will have been incorporated into the larger Florida Keys Sanctuary. Three additional sanctuaries are in development: Norfolk Canyon (VA), Thunder Bay (MI) , and Northwest Straits(WA).

NOAA carries out a program of **habitat protection** through review of ecological impacts of proposed Federal actions that would affect the habitat of anadromous (e.g., salmon and steelhead), estuarine, and marine resources. This is done under authority of the Fish and Wildlife Coordination Act, the Federal Power Act, the National Environmental Policy Act, the Clean Water Act, and other legislation. In addition, the Magnuson Fishery Conservation and Management Act gives authority for NOAA and the eight Regional Fishery Management Councils to influence Federal decisions affecting important fisheries habitats. Under these consultative powers, analyses and recommendations are provided on Bureau of Reclamation and U.S. Army Corps of Engineers construction projects, Corps permit applications for dredging and filling wetlands, Federal Energy Regulatory Commission licenses for hydroelectric power plant construction, and Environmental Protection Agency pollution discharge permits. The program annually evaluates about 10,000 such Federal projects, wetlands permits, hydroelectric project license applications, and project license applications, and proposed outer continental shelf oil and gas development projects.

In 1992, permit applications affected over 39,000 acres of coastal habitats with fishery values estimated in excess of $12 million in terms of commercial and marine recreational fishery harvests. NOAA also evaluates and provides technical assistance on fisheries issues related to state coastal zone management plans, special area management plans, and proposed marine sanctuaries and estuarine research reserves. These consultations minimize or eliminate adverse effects on marine fish populations by proposing scientifically-sound alternatives and mitigation efforts designed to maintain the Nation's coastal environment.

NOAA will increase the effectiveness of its habitat consultative powers through emphasizing research and management coordination, providing high quality scientific advice early in the permit and license planing processes, working directly with developers in designing permit or license applications, supporting the Regional Fishery Management Councils in developing positions on specific projects and issues, and increasing overall habitat conservation awareness within Federal construction and permit granting agencies and state and local agencies.

Comprehensive Assessments and Synthesis:

NOAA currently conducts a program of estuarine and coastal assessment that includes;

1) the synthesis and visualization of key characteristics of coastal use patterns, ecological systems, natural resource distributions, and environmental quality;

2) the development of personal computer-based information systems for decision-making, planning, and responses to emergency events; and,

3) the production of forecasts of coastal trends valuable to public agencies, legislators, conservationists, and strategic planners. NOAA collects, synthesizes, and distributes comprehensive information on resources of ocean ecosystems to identify compatibilities and conflicts among multiple uses and to help determine research and management needs and priorities.

NOAA maintains large national data bases on, for example, the characteristics of coastal and estuarine areas (National Estuarine Inventory), on the distribution of biological resources and habitats within these areas (Living Marine Resources Program and National Coastal Wetlands Inventory), and on human activities and their pollutant discharges (National Coastal Pollutant Discharge Inventory). Information from these national data bases is being integrated into geographical information and analysis systems, two of which are user-friendly systems for desktop applications by resource managers - the Computer Mapping and Analysis System (CMAS) and the Coastal Ocean Management, Planning, and Assessment System (COMPAS), while the third, Geo-COAST, is a multi-workstation, state-of-the-art geographical information system (GIS) facility for in-house development of information and assessment products. Major clients include EPA, the Department of the Interior, other elements of NOAA (including the Marine Sanctuary Program), coastal state environmental protection and natural resource agencies, and private sector institutions.

As the scientific support coordinator to the U.S. Coast Guard's Federal on-scene coordinator at coastal and marine spills of oil and hazardous materials, NOAA's **Hazardous Materials Response and Assessment Program** provides critical information on spill trajectory, chemical hazard analyses, and assessments of the sensitivity of marine and estuarine habitats. NOAA applies scientific protocols to pre-event oil spill planning, spill prevention, on-scene response, operational forecasting, impact mitigation, and environmental assessment of effects of releases of oil and other hazardous substances in the marine environment. NOAA provides support to the U.S. EPA's Superfund Program during emergency responses at, and for the cleanup of, abandoned hazardous waste sites in coastal areas. Over the past several years NOAA has developed and implemented the very successful CAMEO program designed to help emergency planners and first responders safely handle hazardous materials accidents. Major clients include EPA, U.S. Coast Guard, and about 5,000 fire departments and first response units around the Nation and overseas.

To fulfill the responsibility of the Secretary of Commerce, as a Federal trustee for living natural resources in coastal and marine areas, under statutes including CERCLA "Superfund", the Oil Spill Act of 1990, and the Clean Water Act, NOAA conducts comprehensive assessments of damages to NOAA trust resources from discharges of oil and releases of hazardous substances. Since 1985, NOAA has evaluated more than 700 hazardous waste sites in coastal areas and identified several hundred others that could potentially affect NOAA trust resources. NOAA works with EPA to address natural resource concerns at these sites through cleanup efforts. Where significant damages have occurred, NOAA conducts damage assessments to enable the Federal Government to file claims against potentially responsible parties. The first such claim was filed in 1983 for damages resulting from PCB contamination in New Bedford Harbor, Massachusetts.

The **NOAA Damage Assessment Center** is currently involved in 30-40 damage assessments. Consistent with these activities, NOAA conducts a program to lead implementation of Oil Pollution Act planning, research, development and monitoring requirements. This responsibility includes development of related natural resource damage assessment regulations.

NOAA established a **Restoration Center (RC)** in 1991 to provide in-house expertise and coordination for restoration and habitat research which uses awarded damages to restore, replace, or acquire the equivalent of resources injured, and develop national expertise and institutional focus on habitat restoration through basic and applied research.

The RC works cooperatively with other NOAA program offices as a component of the NOAA **Damage Assessment and Restoration Program (DARP)**, to develop appropriate restoration methods for damage assessment cases, and to lead the planning, implementation, and monitoring of case-specific efforts to restore NOAA trust resources after successful settlement of natural resource damage claims. The RC is responsible for administering the NOAA-Army Agreement to increase marine fisheries productivity and advance habitat restoration technology, in cooperation with the Corps of Engineers Civil Works Program. It is also responsible for oversight of NOAA activities associated with Congressional initiatives for environmental restoration (i.e., the Coastal Wetland Planning, Protection and Restoration Act.)

Ecosystem Monitoring:

Since 1984, the **NOAA National Status and Trends Program (NS&T)** has monitored the concentrations of a broad suite of toxic organic compounds and trace elements in bottom-feeding fish, shellfish, and sediments at over 300 coastal and estuarine sites around the U.S. The objectives of this program are: (1) to determine the status and long-term trends of toxic contamination; (2) to determine relationships between contaminant exposure and significant biological responses in fish and shellfish; and (3) to develop and apply biological indicators (biomarkers) of contamination in areas that are shown by NS&T monitoring results to have relatively high levels of toxic chemicals. NOAA's national program is the first to use a uniform set of techniques to measure coastal and estuarine environmental quality. A "specimen bank" of samples, taken each year at about ten percent of the sites, is maintained at the National Institute of Standards and Technology for future retrospective analyses. The National Research Council has recommended that the NS&T Program be developed further as the national network component for marine environmental monitoring, through which regional programs can be linked and compared. The program works cooperatively with the Environmental Monitoring and Assessment Program (EMAP) of the U.S. Environmental Protection Agency, several state agencies, and foreign institutions.

NOAA's National Marine Fisheries Service conducts scientific surveys to collect biological information on species, distribution, ecological significance, as well as related habitat data. Currently, NOAA monitors and conducts research on 171 stocks of fish, marine mammals, and endangered species, as well as their habitats. NOAA also collects biological, environmental, economic, social, and statistical data on coastal species and their habitats, and uses. NOAA maintains the most extensive database and collections of marine biological surveys in the world. Certain areas of the 200 mile Exclusive Economic Zone have been intensively surveyed at most taxonomic levels.

The **NMFS National Systematics Laboratory** (NSL), located at the Smithsonian Institution's National Museum of Natural History, carries out a program of describing new species, preparing identification guides, and compiling comprehensive monographs. Each NMFS Fishery Science Center, and each individual NMFS Laboratory, has specimen collections and datasets relevant to a national survey.

NOAA also has two **Large Marine Ecosystem (LME) monitoring programs** in the final stages of planning. The LME concept was developed in the early 1980's to consider a holistic monitoring strategy of large regions of the ocean. The surveys will be conducted on a LME-wide level and at specific, more intensive surveys within larger bays and some lagoons. Analytical models will be used to combine this survey data to assess trends in stock sizes, ascertain their economic and social importance, and evaluate the impacts of alternative management measures. This information supports habitat conservation and resource allocation decisions, including the resolution of conflicts among competing user groups. These assessments must be updated frequently because of the dynamic and natural variability of the marine and coastal environment. Most of this work is conducted by NOAA's National Marine Fisheries Service, however, information also is obtained through cooperative agreements and contracts with state agencies, universities, and private organizations.

A synoptic coastal ecosystem monitoring capability which utilizes satellite imagery to document changes in coastal vegetation and land use is currently being developed by NOAA's **Coastal Ocean Program**. This **CoastWatch Change Analysis Program (C-CAP)** has completed mapping of submerged aquatic vegetation (SAV) along sections of the North Carolina coast. Knowledge of the location of these and other sensitive resources has been used to evaluate the potential impact of offshore drilling for natural gas and to prohibit such activities as the mechanical harvesting of clams. NOAA also used data from this program to conduct analysis of changes to SAV coverage in a section of the coast experiencing increased development pressure. An implementation manual outlining a national protocol for mapping SAV, salt marshes, and adjacent upland areas and analyzing change in these land cover types using satellite and aerial photography is now available. It will include sources and procedures for data acquisition, processing, and presentation. NOAA's change analysis for the Chesapeake Bay drainage basin provides information on changes in the composition and size of wetlands and upland cover between 1984-1988/89 for a portion of the drainage basin.

Improved Understanding:

NOAA provides the scientific and technical information needed to conserve and manage living marine resources and their habitats. This includes:

(1) conducting research on interactions in the coastal environment (land, sea, water) that affect ocean productivity and environmental quality and how these interactions are altered by perturbations, whether natural or human-induced;

(2) developing instrumentation, modeling and other techniques for more effective measurement, storage/retrieval, and analysis of marine data; and

(3) utilizing numerical modeling as a means to focus observational requirements, integrate knowledge, develop and improve quantitative prediction techniques, and aid in transferring research results to environmental regulatory and management agencies, industries dependent upon environmental quality, and NOAA's operational services.

Other Federal and state agencies use this information to assess the effects of proposed coastal development projects on marine resource populations and habitats.

NOAA's National Marine Fisheries Service research laboratories conduct research and modeling efforts on the functions and relationships of habitats to living marine resources, and coastal and marine environmental processes. This information is required to improve predictions of the responses of coastal ecosystems to natural and human-induced changes. Environmental changes can affect living marine resources significantly during all life stages and drastically alter harvests, resource distributions, and availability along traditional migratory routes. NOAA specifically investigates the effects of dams, power plants, effluents, ocean disposal, dredging, and logging on fish, marine mammals, and endangered species. Research includes studies of predator-prey relationships, disease, mortality and growth rates, temporal and geographic distributions, and habitat and physiological requirements. Research is being carried out on the effects of stress to marine resources from pollution. The resulting improved understanding of pollutant effects and ecosystem impacts helps managers identify and mitigate the causes of habitat degradation and loss. They also are required for developing sound conservation and management strategies.

Research also is being conducted to advance state-of-the-art remote sensing and other technologies. Aerial and satellite sensor techniques are developed to measure parameters including water temperature, salinity, and turbidity. The application of advanced technology increases the speed at which large ocean expanses and extensive coastal areas can be monitored, thereby giving a more complete picture of physical and biological changes in oceanic and coastal environments and their relationship to resource variations evidenced from survey data. Resource information and environmental data are analyzed and used in computer models to forecast changes in resource abundance that are required for long-range management.

NOAA's **Environmental Research Laboratories (ERL)** blend in-house scientific capabilities with academia and the private sector. ERL research is conducted to develop a sound scientific basis for management, development, and use of coastal, estuarine, and Great Lakes ecosystems and for understanding and predicting their physical, biological, and chemical processes. For example, NOAA has demonstrated that recirculation and sediment disturbances can keep pollutants active and biologically available longer than previously thought. NOAA is conducting research to understand the cycling, fates, and effects of nutrients and toxic organics to determine the effects of human activities on the estuarine, coastal, and Great Lake habitats of fish and shellfish.

NOAA will continue fundamental research to:

(1) understand the relationships between physical and chemical variables and the productivity of estuarine and coastal ecosystems, including Arctic ecosystems;

(2) develop an understanding of how physical and biochemical processes in the estuarine and coastal ecosystems affect the fates of pathogens and toxic chemicals introduced to these environments; and

(3) develop and test models of contaminant behavior to support coastal and marine management decisions.

NOAA's **Coastal Ocean Program (COP)** represents an intra-agency approach to address large-scale, interdisciplinary and complex coastal issues. Through the integration and coordination of resources and coastal-related research activities of NOAA's five line organizations, the COP supports research and modeling efforts related to nutrients and toxic contamination from coastal watersheds, as well as physical alterations of estuarine habitats. Research efforts include:

- Toxic Chemical Contamination. In areas showing elevated levels of contaminants, the COP supports a series of comprehensive field surveys to understand what is being affected and how. The COP is also supporting systematic development and testing of improved bioindicators of contaminant-induced stress in fish, shellfish, and crustacea. The program is sponsoring research studies to establish the linkages between contaminant exposure and such biological effects (e.g., growth, reproductive success, and survival) that have significance at the population level. Further, the program is expanding research on the factors controlling the bioaccumulation of toxic contaminants to improve our ability to interpret the results of programs like NS&T that monitor contaminant levels in sentinel organisms.

- Nutrient Enrichment. The COP supports a comprehensive study of the levels and impacts of nutrients flowing into the Gulf of Mexico from the Mississippi and Atchafalaya Rivers. It has augmented efforts to account for the relative input of nitrogen from the atmosphere, using the Chesapeake Bay watershed as a case study area. The COP continues to expand a research program geared to determine the dynamics, controlling factors, and effects of nutrient over-enrichment and harmful algal blooms in coastal and estuarine areas.

- Estuarine Habitats. The COP conducts research to understand coastal habitat functions, impacts from natural and human-induced activities, and their susceptibility to restoration to improve predictions of the impact of drainage-basin activities on the living resources under NOAA's stewardship.

- Assessment and Synthesis. The COP supports the production of assessment and synthesis documents in priority areas to interpret scientific findings in terms useful to decision-makers, and research to develop new methodologies for natural-resource valuation necessary for NOAA's role as a steward of the Nation's coastal resources.

The COP's Coastal Ocean Council ensures that gaps in knowledge and data are identified while avoiding duplication of efforts between the line office and the COP. The COP also provides a focal point for coordination with other agencies and organizations (e.g., DOE, NSF, FWS, COE) that work with NOAA on coastal ocean and related issues through its leadership role on the Committee on Environmental and Earth Sciences Subcommittee on U.S. Coastal Ocean Science.

The National Sea Grant College Program supports the Coastal Ecosystems Health Program by conducting research to improve water quality by increasing understanding of environmental processes, coastal and Great Lakes ecosystem dynamics, and through studies of best management practices of environmental problems such as agricultural runoff. A variety of chemical studies address toxic contamination, nutrient overenrichment, and gaseous exchanges related to global change. Research also addresses coastal issues such as the effects of non-indigenous species (e.g., zebra mussels.), wetland/marsh restoration, and waste disposal through composting and bioremediation.

The National Undersea Research Program supports a wide variety of biological and physical oceanographic studies in the coastal zone and the U.S. Great Lakes. Areas of particularly strong emphasis include clarification of the roles of anthropogenic pollutants in the ecosystem including polycyclic aromatic hydrocarbons, heavy metals and nutrients, their transport by physical processes within the water column and the sediments, fates and storage, and their transfer through organisms; studies of coral health, including the occurrence and potential causes of coral bleaching such as increased temperature and exposure to ultraviolet light, and bioerosion; and long-term investigations of the nearshore ecosystem structure and function as related to physical oceanography and habitat.

The Regional Marine Research Program (RMRP) was established by Title IV of the Marine Protection, Research and Sanctuaries Act in 1990 to address marine research priorities in each region. The legislation provides for the establishment of Regional Marine Research Boards, which must develop research plans that are approved by NOAA and the Environmental Protection Agency. Research efforts may relate to:

(1) Baseline assessments of marine environmental quality;

(2) Assessment of impacts of pollutant sources and discharges into the coastal environment;

(3) Transport and eventual effect of contaminants on the environment,

(4) Methods and techniques for modeling environmental quality and trends;

(5) Methods and techniques for sampling of water, sediment, marine and offshore development projects in the region;

(6) Assessment of the effects of climate change on marine resources; and

(7) Analysis and interpretation of research data for the benefit of State and local environmental protection and resource management agencies in the region. Five regional plans have been submitted, and three have been approved to date.

Education and Outreach:

The objective is to increase understanding about sustainable use and conservation of the Nation's coastal ecosystems by promoting a strong educational base through training activities and dissemination of knowledge and techniques. Included is the transfer of new technologies, techniques, and data/information bases to both the public and private sectors. This activity is carried out mainly by the **National Sea Grant College Program**. Sea Grant supports education at the graduate and post-doctoral level, public education, and specialized fellowships, as well as basic research in marine policy, social sciences, and ocean and coastal law.

The Sea Grant Marine Advisory Program facilitates information transfer to coastal businesses, planners, and others in the management community. It focuses on specialized communication, networking, and policy analysis on issues of national importance.

International Activities (Post-UNCED)

NOAA coordinates a variety of efforts designed to further scientific understanding, education and technology transfer, and sustainable use of coastal and marine ecosystems. NOAA's capabilities are used to perform a variety of bilateral and multilateral activities related to the impacts of climate change (e.g., sea-level rise) and their impacts on coastal ecosystems, integrated coastal management, land-based sources of coastal pollution, and marine biodiversity. NOAA and other Federal resources are brought to bear on needs and priorities of international organizations consistent with recognized NOAA and National interests. Growing responsibilities relate to national obligations arising from the UNCED and its follow-on activities.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
A. BASELINE CONDITIONS FOR COASTAL ECOSYSTEMS Cumulative Percentage of coastal ecosystem inventories, databases, and assessment reports completed	10%	16%	17%
B. IMPROVED ASSESSMENT AND PREDICTION TOOLS Number of new or improved techniques applied	0	1	1
C. CHANGES IN COASTAL ECOSYSTEM HEALTH Cumulative Percentage of watershed receiving basins being monitored	4%	12%	12%
D. INTEGRATED COASTAL MANAGEMENT - DEVELOPMENT Number of sanctuaries/estuaries where ICM strategy tested	0	1	1
E. INTEGRATED COASTAL MANAGEMENT - APPLICATION Number of state/local coalitions accepting and applying ICM techniques	0	1	2
F. COASTAL NATURAL RESOURCES RESTORED Cumulative Percentage of damaged natural resources or habitat restored	0.4%	0.6%	1%
G. TRENDS IN COASTAL RESOURCE LOSS and ENVIRONMENTAL DEGRADATION REVERSED Cumulative Percentage of coastal ecosystems with improved health indices	0	0	0
	1993	1994	1995

	Actual	Estimate	Estimate
H. COASTAL ECOSYSTEM REMEDIAL COSTS LOWERED Cumulative Percentage of coastal ecosystems contributing increased value to public/private users	0	0	0

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Coastal Ecosystems Health	763	$170,003	753	$160,048	-10	-$9,955

Net changes in this initiative due to FTE reductions and administrative reductions equal 20 FTE and $959,000. NOAA requests an increase of $5,517,000 in FY 1995 to begin initiating the new paradigm for coastal ecosystem health.

Integrated Management Operations: (10 FTE, $2,702,000)

NOAA requests an increase of $3,000,000 in the Ocean Management line item for the **National Marine Sanctuary Program**. NOAA requests an increase of $3,000,000 in the Ocean Management line item for the National Marine Sanctuaries. The focus of the FY 1995 increase is to assure that designated sanctuaries are operational and focus on an ecosystem management oriented approach to protection of sanctuary resources. Priority will be given to ensuring that all sites have enforcement, education and research programs. NOAA will also focus on its cultural resource protection program (ie: shipwrecks). Site characterizations defining the status and health of sanctuary resources will be initiated at new sites and continued for sites that have begun this process. The Sanctuaries program will continue to pursue collaborative outreach projects and partnerships such as a joint National Park Service/NOAA Marine Learning Center at Pier 1, San Francisco, National Park Service/NOAA Interpretive Center at Klaloch, Washington and State of Florida/National Park Service/NOAA Key West Visitor Center. NOAA proposes to implement fees to partially offset the operating and maintenance costs of existing National Marine Sanctuaries. Estimated revenues for FY 1995 are $3,000,000.

NOAA requests an increase of 10 FTE and $1,271,000 for the **Habitat Conservation program** to develop the structure and procedural framework of the Federal Regulatory Permit Review Program so as to focus agency authorities on providing necessary protection of coastal resources and for controlling habitat losses. Over the last ten years, complete assessments had been reduced by approximately one-half due to the lack of resources. This enhanced support will provide for increase assessments of Federal projects having potentially significant detrimental environmental effects on ecosystems. NOAA will initiate a multi-year revitalization for the regulatory permit review process (and the support necessary) to respond influentially to permit requests and to become more involved in advance planning efforts. This will support the Administration's new wetland policies by allowing the program to take a more proactive role in cumulative actions relating to project development, from the early planning stages through the permitting and construction phase, to the follow-up pending completion.

NOAA will also increase the number of Federal Energy Regulatory Commission (FERC) Permit Reviews and facilitate improved assessments of proposed projects. Pre-project consultations will be enhanced in order to improve coastal development projects by reducing impacts on anadromous fish runs. This increased program effort is necessary, in particular to deal with the substantial number of upcoming relicensing applications. The Class of 1993 relicensing applications included 157 major project applications, which are now under yearly license extensions until they can be subject to the required review process over the next several years. New projects are continuing to come up for license renewal, and several more large year classes are coming up for renewal. Reviews for projects in the classes of 2000 to 2010 include approximately 225 relicense applications. Because the lead time for processing major project relicensing ranges from 5-10 years prior to the relicensing year, work on these projects needs to begin now. Since many of these dams were licensed before the existing major environmental legislation was enacted (NEPA, CWA, etc.) and before full knowledge existed on technology to assist fish passage, much original work must be done to complete the relicensing. Additionally, plans for 69 new dams in the northwest in 2000-2001 are proposed, each of which will require significant interagency consultation and guidance in project development to ensure protection for NOAA trust resources and habitat.

NOAA requests an increase of $1,100,000 to support participation in the **co-operative fisheries habitat creation and restoration initiative** with the Corps of Engineers civil works program, consistent with the NOAA/U.S. Army Corps of Engineers Memorandum of Agreement. This effort will combine NOAA's technical fisheries expertise with the Corps' broad water resources planning, engineering, design, and construction expertise and capability. NOAA and the Corps, working with States and other governmental agencies, will review Corps Civil Works Program projects and implement identified habitat restoration work that can be accomplished as part of scheduled projects within the Corps' budget. Restoration features will be selected to demonstrate their potential to restore and create habitat and/or increase understanding of the effectiveness of habitat restoration techniques, thus leading to improved restoration and creation technology. The requested funds will provide the research and monitoring required for the design and evaluation of these projects to ensure they provide useful information on their effectiveness in creating desired ecosystem functions. The program will apply to the entire U.S. coastal area (i.e., areas of those Corps' Districts within or overlapping the five NMFS Regions).

NOAA requests a decrease of $1,519,000 which will terminate the **deep seabed mining program**. Continuing depressed world metal prices will delay economically feasible commercial deep seabed mining into the next century, eliminating the current justification for this program. NOAA will seek appropriate funding for this program when warranted by changing circumstances.

NOAA requests a decrease of $1,000,000 for the **Charleston Harbor Special Area Management Plan**. This project has a lower priority since it does not contribute as much (as do the base programs) toward the accomplishment of this initiative's objectives.

A decrease of $150,000 is requested for the **Kahoolawe Island Marine Sanctuary**. Funding already received is adequate to complete the designation of the marine sanctuary.

Comprehensive Assessments and Synthesis: (0 FTE,-$354,000)

An increase of $146,000 is requested to develop new economic valuation techniques for natural resource damage assessment and restoration. Improved valuation techniques and algorithms are the key to more rapid, accurate, and credible assessments of economic value of injured natural resources and their coastal ecosystems, and to effective restoration of ecosystems health.

NOAA requests a decrease of $500,000 in FY 1995 from funds earmarked for the **South Carolina Water Resources Commission** for development of a **Demonstration Project** applying Geographical Information System technology to management of the Natural Resources of Edisto/Upper Combahee River Basins. This project has a lower priority since it does not contribute as much (as do the base programs) toward the accomplishment of this initiative's objectives.

Improved Understanding: (0 FTE,-$10,144)

NOAA requests a decrease of $400,000 in FY 1995 associated with a joint effort with the State of Hawaii to provide the scientific understanding and information to assist the control and reduction of occurrences of **macroalgal blooms on the west coast of Maui, Hawaii.**
This project has a lower priority since it does not contribute as much (as do the base programs) toward the accomplishment of this initiative's objectives.

A decrease of $444,000 for activities related to synthesizing and depicting key characteristics of coastal use patterns, ecological systems, natural resource distributions, and changes in coastal ocean and estuarine environmental quality.

A decrease of $911,000 is requested for the **GLERL Zebra Mussel research** on the impacts of the zebra mussel on Great Lakes ecosystems. NOAA will complete the field work in FY 1994 and synthesize data and publish results in FY 1995 using GLERL base funds.

A decrease of $290,000 is requested for the **Lake Champlain Study**, terminating NOAA research on the Lake's circulation and on atmospheric deposition of toxic chemicals to the Lake. While these are worthwhile areas of study, NOAA's highest priorities focus on topics of broader, more national significance. Attempting to address too many different issues with sub-critical amounts of funding may result in no significant findings in any area.

A decrease of $2,700,000 is requested for **Sea Grant zebra mussel research**. To the extent that funding is needed for this activity, the peer reviewed competitive process of Sea Grant can fund these activities. A sufficient body of research is currently being undertaken. Numerous alternative sources of funding have developed for zebra mussel research, both from the private and public sectors. Also, many research projects funded through Sea Grant's zebra mussel program in FY 1991-93 will continue to be active into FY 1995.

A decrease of $5,399,000 is requested to terminate the activities in this area conducted under the **National Undersea Research Program.** This project has a lower priority since it does not contribute as much (as do the base programs) toward the accomplishment of this initiative's objectives.

Increased Outreach: (0 FTE,-$1,200,000)

A decrease of $100,000 is requested for the **Sea Grant Zebra Mussel** outreach program, which had high initial costs due to preparation of publications and other materials for distribution; however, ongoing activities can be supported within the base Sea Grant Marine Advisory Service Program. .

A decrease of $1,100,000 is requested for the **National Coastal Resources Research and Development Institute.** NOAA has provided these funds to the Institute to conduct marketing activities and to promote certain segments of the fishing industry. These funds are awarded in a non-competitive process for activities with are not central to NOAA's mission.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
A. BASELINE CONDITIONS FOR COASTAL ECOSYSTEMS Cumulative Percentage of coastal ecosystem inventories, databases, and assessment reports completed	17%	19%	21%	22%	23%
B. IMPROVED ASSESSMENT AND PREDICTION TOOLS Number of new or improved techniques applied	1	2	2	3	3
C. CHANGES IN COASTAL ECOSYSTEM HEALTH Cumulative Percentage of watershed receiving basins being monitored	12%	12%	12%	12%	12%
D. INTEGRATED COASTAL MANAGEMENT - DEVELOPMENT Number of sanctuaries/estuaries where ICM strategy tested	2	3	4	5	5

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
E. INTEGRATED COASTAL MANAGEMENT - APPLICATION					
Number of state/local coalitions accepting and applying ICM techniques	2	2	3	4	5
F. COASTAL NATURAL RESOURCES RESTORED					
Cumulative Percentage of damaged natural resources or habitat restored	1%	2%	2%	3%	4%
G. TRENDS IN COASTAL RESOURCE LOSS and ENVIRONMENTAL DEGRADATION REVERSED					
Cumulative Percentage of coastal ecosystems with improved health indices	0	0	2%	3%	4%
H. COASTAL ECOSYSTEM REMEDIAL COSTS LOWERED					
Cumulative Percentage of coastal ecosystems contributing increased value to public/private users	0	0	0	2%	3%

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Element: Coastal Ecosystems Health
Program Change: Coastal Ecosystems Health

Title:		Grade	Number	Annual Salary	Total Salaries
Sanctuary Manager		13	3	$49,947	$149,841
Fish Biologist		13	4	49,947	199,788
Research Coord.		12	1	42,003	42,003
Fish Biologist		9	2	28,964	57,928
Total			10		449,560
Less Lapse	0.00%		0		0
Total Full-Time Permanent			10		449,560
1995 Pay Adjustment (1.6%)					6,928
Total					456,488
Personnel Data					
Full-Time Equivalent Employment					
Full-time permanent			10		
Other than full-time permanent			0		
Total			10		
Authorized Positions :					
Full-time permanent			10		
Other than full-time permanent			0		
Total			10		

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Element:	Coastal Ecosystems Health
Program Change:	Coastal Ecosystems Health

Title:		Grade	Number	Annual Salary 1/	Total Salaries
Fish Biologist		9	(2)	$28,964	($57,928)
Research Analyst		7	(6)	23,678	(142,068)
Biologist Tech		5	(11)	19,116	(210,276)
Admin Spec		4	(1)	17,086	(17,086)
Total			(20)		(427,358)
Less Lapse	0.00%		0		0
Total Full-Time Permanent			(20)		(427,358)
1995 Pay Adjustment (1.6%)					(6,838)
Total					(434,196)
Personnel Data					
Full-Time Equivalent Employment					
Full-time permanent			(20)		
Other than full-time permanent			0		
Total			(20)		
Authorized Positions :					
Full-time permanent			(20)		
Other than full-time permanent			0		
Total			(20)		

1/ Annual salary based on locality of position.

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Element: Coastal Ecosystems Health
Program Change: Coastal Ecosystems Health

Title:		Grade	Number	Annual Salary 1/	Total Salaries
Fish Biologist		9	(2)	$28,964	($57,928)
Research Analyst		7	(6)	23,678	(142,068)
Biologist Tech		5	(11)	19,116	(210,276)
Admin Spec		4	(1)	17,086	(17,086)
Total			(20)		(427,358)
Less Lapse	0.00%		0		0
Total Full-Time Permanent			(20)		(427,358)
1995 Pay Adjustment (1.6%)					(6,838)
Total					(434,196)
Personnel Data					
Full-Time Equivalent Employment					
Full-time permanent			(20)		
Other than full-time permanent			0		
Total			(20)		
Authorized Positions :					
Full-time permanent			(20)		
Other than full-time permanent			0		
Total			(20)		

1/Annual salary based on locality of position.

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM INCREASE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: Coastal Ecosystems Health
Program Change: Coastal Ecosystems Health

	Object Class	1995 Program Increase
11	Personnel compensation	
11.1	Full-time permanent	456
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	Total personnel compensation	456
12.1	Civilian personnel benefits	91
13	Benefits for former personnel	
21	Travel and transportation of persons	173
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	130
25.1	Consulting services	
25.2	Other services	2,218
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	200
31	Equipment	220
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	2,029
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	Total obligations	5,517

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM REDUCTION DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: Coastal Ecosystems Health
Program Change: Coastal Ecosystems Health

	Object Class	1995 Program Reduction
11	Personnel compensation	
11.1	Full-time permanent	(434)
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	Total personnel compensation	(434)
12.1	Civilian personnel benefits	(96)
13	Benefits for former personnel	
21	Travel and transportation of persons	(14)
22	Transportation of things	(24)
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	(32)
24	Printing and reproduction	(11)
25.1	Consulting services	(2)
25.2	Other services	(3,524)
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	(48)
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	(11,287)
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	Total obligations	(15,472)

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Education & Human Resources											
Human Resources	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Education	Pos./BA	5	4,366	3	4,467	3	4,548	11	11,355	8	6,807
	FTE/Obl.	5	4,370	3	4,554	3		11		8	
Subtotal, Education & Human Resources	Pos./BA	5	4,366	3	4,467	3	4,548	11	11,355	8	6,807
	FTE/Obl.	5	4,370	3	4,554	3		11		8	

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Cross-Cutting Initiatives
Education and Human Resources

Vision Statement

NOAA's education programs will build effective bridges to other Department bureaus, Federal agencies, and private sector partners to leverage limited resources in support of mission objectives. By the year 2005, NOAA will be serving a diverse public who will be asked to make sound economic, environmental, and public safety decisions. NOAA's goal is to increase the pool of capable technicians and scientists to provide environmental assessment, prediction, and stewardship for the Nation.

Proposed Legislation

No Legislation is proposed for this Initiative.

Base Program FY 1995

The objectives of this activity are to provide opportunities for education through enhancement of educational outreach and dissemination activities, teachers training and development, and materials development. It will also stimulate human resources development in the workforce through environmental science and provide for the development of a new recruitment strategy and a NOAA Training Institute. NOAA's Education and Human Resources Program seeks to provide education for oceanic, coastal and marine sciences, as provided by legislative act in the National Sea Grant College Program:

(1) Enhance the production and education of marine and estuarine scientists and resource managers by supporting education at graduate levels;

(2) Enhance the capabilities of K-12 science teachers in the areas of marine and coastal ecosystems, addressing the overall need for enhanced teaching capabilities in science education.

(3) Support scientific educational outreach to the general public.

Science Education at the Graduate and Undergraduate Level: The objectives of this component are to enhance the U.S. capability to have adequate numbers of trained ocean and coastal scientists with disciplinary backgrounds in ecology, microbiology, costal processes and geosciences, biological sciences,social and economic sciences and public management through: (1) Providing incentives and support for graduate education in service of environmental research, via research assistantships and traineeships; (2) supporting of graduate and undergraduate scholarships and fellowships at qualified universities ; (3) conducting a national fellowship program for graduate students in marine-related fields known as the John A. Knauss Sea Grant Fellowships.

Enhancing Science Skills of K-12 Teachers: Training teachers is more cost-effective than direct classroom instruction to students. The Office of Oceanic and Atmospheric Research (OAR) will rely on the 'multiplier effect' of training teachers who then teach entire classrooms year after year. The goals of this component are to provide in-service training to K-12 teachers in the areas of marine science and coastal ecosystems. OAR, through the National Sea Grant College Program, will provide training for teachers in cooperation with state departments of education, with local universities, and with local school districts.

Science Outreach to the General Public: NOAA's goals of a scientifically literate public include the link to better stewardship of environmental resources. NOAA (OAR/Sea Grant) will provide outreach to the public in the areas of coastal and marine resources. Activities will include informal education directly to the general public at points of visitation such as aquaria, seacoast science centers, and other public attractions; it includes specialized public sectors such as vessel training to commercial fishermen, done in collaboration with the US Coast Guard; it includes training public citizens as volunteer stewards for environmental resources, such as docents and water quality monitors.

The Globe Program: Global Learning and Observations to Benefit the Environment (GLOBE) is a Vice- President Initiativbe for a broad national and international program in which NOAA will be the lead agency. The lead is properly placed in NOAA because of the agency's vast resources in scientific personnel and data management, and becasue of its strong environmental mission. NOAA (OAR/ERL) has excellent experience in the design of large systems such as the GLOBE Program will entail.

Pacific Island Network (PIN): Department of Commerce and other Federal agencies have responsibility under the Compact (Treaty) with the Pacific Islands (P.L. 99-239) to assist in their economic development and increase the islands' self sufficiency by providing support for marine resource development.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
In-service workshops for upgrading marine science skills of K-12 teachers	10	10	10
Year-long undergraduate courses in marine science	2	2	2
Graduate scholarships/fellowships in the marine area	20	20	20
Post-doc appointments in NOAA laboratories	10	10	10

	1993 Actual	1994 Estimate	1995 Estimate
GLOBE - Number of schools with full participation	0	6	300
GLOBE - Number of countries with full participation	0	6	20

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
In-service workshops for upgrading marine science skills of K-12 teachers	16	16	16	16	20
Year-long undergraduate courses in marine science	2	3	3	3	3
Graduate scholarships/fellowships in the marine area	23	23	25	30	30
Post-doc appointments in NOAA laboratories	10	10	10	10	10
GLOBE-Number of schools with full participation	300	1,000	1,000	10,000	10,000
GLOBE-Number of countries with full participation	20	50	50	75	75

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Education and Human Resources	3	$4,548	11	$11,355	8	$6,807

The net change for Education and Human Resources is 11 FTE and $11,335,000. Program increases totalling 8 FTE and $7,000,000 are proposed to support the Global Learning and Observations to Benefit the Environment (GLOBE). Program decreases totalling $190,000 are proposed to terminate the Pacific Island Technical Assistance program. Change for FTE and Administrative reductions equals -2 FTE and $1,000.

Global Learning and Observations to Benefit the Environment (GLOBE): (8 FTE and +$7,000,000): An increase of eight FTE and $7,000,000 is requested to fund the GLOBE program. NOAA will be hosting this new interagency program which is designed to (1) to enhance the collective awareness of individuals throughout the world concerning the environment and of the impacts of human activities on it, and (2) to increase scientific understanding of the earth by using the dense worldwide network of schools to collect environmental observations. This increase will fund NOAA's contribution to program in FY 1995 and will be used for program planning, hardware systems design and testing, the education design, the experiment design and implementation, software development, training development, the international program, the central system hardware prototype, school system hardware prototype. Once a large number of schools are incorporated into the GLOBE program, the Scientists will be able to conduct experiments in which the spatial density of schools over the world's land area would augment the accurate but low density observations from existing in situ and satellite measurements. The students will carry out the measurements with coordination with scientists to ensure data validity and reliability. The program will develop and implement a complete system, which would start with remote units, such as a data tablet or a personal computer in each school. The observations would be collected through a communications system, involving a combination of surface and satellite networks. The data would be processed at central locations, and would be available to host countries and scientists around the world. The program would devote major resources to training the teachers for their participation. In addition, the results would be presented with state-of-the-art visualization, and broadcast over global television.

Pacific Island Technical Assistance: (-$190,000): A decrease of $190,000 is requested for the Pacific Island Technical Assistance, terminating a NOAA-sponsored effort to inventory coastal marine resources in the U.S. Pacific Island territories and aid the territories of coastal management and resource development plans.

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Element:	Education and Human Resources
Program Change:	Education and Human Resources

Title:		Grade	Number	Annual Salary 1/	Total Salaries
Education Affairs Specialist		13	2	$49,947	$99,894
Employee Development Specialist		12	3	42,003	126,009
Educational Affairs Specialist		11	3	35,150	105,450
Total			8		331,353
Less Lapse	0.00%		0		0
Total Full-Time Permanent			8		331,353
1995 Pay Adjustment (1.6%)					5,302
Total					336,655
Personnel Data					
Full-Time Equivalent Employment					
Full-time permanent			8		
Other than full-time permanent			0		
Total			8		
Authorized Positions :					
Full-time permanent			8		
Other than full-time permanent			0		
Total			8		

1/Annual salary based on locality of position.

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM INCREASE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: Education and Human Resources
Program Change: Education and Human Resources

	Object Class	1995 Program Increase
11	Personnel compensation	
11.1	Full-time permanent	337
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	337
12.1	Civilian personnel benefits	67
13	Benefits for former personnel	327
21	Travel and transportation of persons	36
22	Transportation of things	367
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	141
24	Printing and reproduction	130
25.1	Consulting services	907
25.2	Other services	2,298
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	52
31	Equipment	159
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	2,179
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	7,000

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM REDUCTION DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: Education and Human Resources
Program Change: Education and Human Resources

	Object Class	1995 Program Reduction
11	Personnel compensation	
11.1	Full-time permanent	(1)
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	Total personnel compensation	(1)
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	
25.1	Consulting services	
25.2	Other services	(112)
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	(80)
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	Total obligations	(193)

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Environmental Technology											
Implement Pilot Programs	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Marine Biotechnology	Pos./BA	71	8,990	31	14,623	31	14,778	31	14,474	0	(304)
	FTE/Obl.	68	14,350	30	15,026	30		30		0	
Subtotal, Environmental Technology	Pos./BA	71	8,990	31	14,623	31	14,778	31	14,474	0	(304)
	FTE/Obl.	68	14,350	30	15,026	30	0	30	0	0	0

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Cross-Cutting Initiatives
Environmental Technology

Vision Statement

Through the activity of the Intra-Department of Commerce (DOC) Technology Working group, NOAA will work with the National Institute for Standards and Technology (NIST) and the International Trade Administration (ITA) to strengthen the U.S. environmental technology industry by expanding the technology base of U.S. firms, building domestic/foreign market demand, expediting international sales & implementation, and expanding the scientific basis for development of marine biotechnology and its application in management of natural resources. NOAA's efforts will enhance U.S. industry's ability to succeed in an increasingly competitive environment for products and processes of high technology where the stakes are measured in billions of dollars.

This effort by the Intra-DOC Working group responds to President Clinton's Earth Day Address, April 21, 1993, which asked the Energy Department, the Commerce Department, and the Environmental Protection Agency "to assess current environmental technologies and create a strategic plan to give our companies the trade development, promotional efforts, and technical assistance they need to turn these advances into jobs here in America, as well as to help promote a better environment. America can maintain our lead in the world economy by taking the lead to preserve the world environment."

Proposed Legislation

No legislation is being proposed.

Base Program FY 1995

Marine Biotechnology: The objectives of this broad element are to conduct an exploratory program of research in support of marine biotechnology in four primary areas -- (1) developing molecular technologies, including DNA technology, for using marine plants, animals, and microorganisms in a variety of applications, including aquaculture and bioremediation, (2) natural products - developing models for industrial materials, such as enzymes, polymers, and pharmaceuticals, (3) technology and basic information needed to culture cells, tissues, and organisms that could be used in commercial production and processing, and (4) developing molecular technology for delineating marine species, for distinguishing cultured and wild animals in the market place, and for diagnosing, assaying, and eliminating seafood and aquacultural pathogens and contaminants, including biotoxins.

The research is advancing basic science, stimulating commercial development, and improving technology for use in natural resource management. For example, it has yielded fish vaccines; a rapid assay for the cholera bacterium; and a triploid oyster that is the basis of the revival of the oyster industry on the West Coast; models for new classes of biodegradable polymers with a spectrum of industrial applications; and new pharmaceuticals that are expected to add $100 millions to GNP and create hundreds of jobs. New molecular methods will help address concerns about impacts of hatchery-reared stocks on wild stocks and define ecological relationships bearing on fishery management.

NOAA is providing leadership in marine biotechnology through the National Sea Grant College Program, and the research laboratories of the National Marine Fisheries Service. It is advancing science and providing the technical basis for commercial developments through patents and publication in the scientific literature. Congressional and public interest in marine biotechnology is allowing NOAA to intensify and expand its efforts in marine biotechnology. This interest is based primarily on four factors -- (1) exploratory research has advanced science and yielded promising results for commerce, (2) marine organisms exhibit enormous genetic diversity; their biological processes and products are largely unexplored and could provide the basis for technological development, (3) recent progress in recombinant DNA technology allows relatively quick and efficient exploitation of biological processes, and (4) marine biotechnology is a rapidly expanding field in which the United States should maintain competitiveness and seek to exploit it in management of fisheries and natural environments. A key to effective international competition is the training of students for careers in high technology; trained students are a primary product of NOAA's research.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Research grants awarded	70	108	65
Models for chemical products	18	15	14
Procedures and guidelines for industrial processing	23	21	20
Molecular technologies for resource management	4	5	4
Molecular technologies for aquaculture	8	8	7

CHANGE FOR 1995
(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Environmental Technology	30	$14,778	30	$14,474	0	($304)

Net changes in this initiative due to FTE reductions and administrative reductions equal 0 FTE and -$4,000.

Marine Biotechology: (0 FTE, -$300,000) A decrease of $300,000 is requested associated with the elimination of funding for the National Undersea Research Program (NURP) which should be funded from private and state resources, or by other Federal agencies. The objectives of the NURP are considered a lower priority within the overall NOAA Strategic Plan.

Measures of Performance:

Within five years

1995: To have at two NMFS centers, operational programs for developing and applying molecular technology for defining species and stocks

1996: To have in operation, four NMFS programs for developing and applying molecular techniques to define anthropogenic perturbations and long-term changes in trophic structure of ecosystems

1997: Biotechnology improvements to key aquaculture species will start to become available in the form of techniques for growing fish to market size faster through manipulation of hormones and genes.

1998: Improved aquaculture techniques will have been developed for the production of marine fish with increased post-release survival.

1999: More than 10 stocks of Pacific salmon and steelhead will be rehabilitated and returned to restored habitats

Goals for 2005

Larger fisheries will result from management based on molecular technology to delineate stocks and define ecosystem relationships

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Initiative: Environmental Technology
Program Change: Environmental Technology

	Object Class	1995 Decrease
11	Personnel Compensation	
11.1	Full-time permanent	0
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	0
12.1	Civilian personnel benefits	0
13	Benefits for former personel	0
21	Travel and transportation of things	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Commun., util., misc. charges	0
24	Printing and reproduction	0
25.1	Consulting services	0
25.2	Other services	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	(304)
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	**Total Obligations**	(304)

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Modernize Navigation & Positioning Services											
Navigation Data Products & Services	Pos./BA	689	60,755	585	56,674	585	58,416	574	57,072	(11)	(1,344)
	FTE/Obl.	654	59,746	563	58,327	563		552		(11)	
National Spatial Reference System	Pos./BA	250	19,839	172	19,654	172	20,376	167	19,332	(5)	(1,044)
	FTE/Obl.	237	21,239	166	19,654	166		161		(5)	
Subtotal, Modernize Navigation & Positioning Services	Pos./BA	939	80,594	757	76,328	757	78,792	741	76,404	(16)	(2,388)
	FTE/Obl.	891	80,985	729	77,981	729		713		(16)	

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Environmental Stewardship
Modernize Navigation and Positioning Services

Vision Statement

To provide accurate and timely marine, coastal, and aeronautical data in various map and chart formats; to increase the efficiency and safety of marine and air transportation for purposes of offshore engineering, coastal zone management, military operations and recreational activities.

To maintain the National Geodetic Reference Systems for accurate geographic positions, elevations, and gravity values and their variation with time for national defense and space activities, mapping and charting, infrastructure maintenance, public works, land information systems, and Earth science investigations.

Proposed Legislation

Legislation is being proposed for later transmission which would authorize NOAA to receive funds from the Harbor Maintenance Trust Funds for nautical charting and other activities related to commercial navigation. This legislation is necessary to enable access to funds intended for NOAA from the cargo tax. These receipts have been accumulating in the Fund for several years.

Legislation is being proposed to enable receipts from the sale of nautical and aeronautical charts and other products to be retained by NOAA instead of going to Miscellaneous Receipts in the Treasury. The retention of these receipts will improve the management of NOAA's charting programs and could, in the longer term, result in a reduced requirement for appropriated funds.

Base Program FY 1995

This initiative consists of two elements: (1) Navigation Data Products and Services, and (2) National Spatial Reference System.

I. Navigation Data Products and Services

The Navigation Data Products and Services element consists of five programs: (1) Nautical Charting, (2) Coastal Mapping, (3) National Water Levels Program, (4) Coastal Circulation Program, and (5) Aeronautical Charting.

Nautical Charting Program

- Plan and direct hydrographic and special investigation surveys;
- Process the data from these surveys, access information affecting marine and air transportation, create nautical charts, and other products for marine navigation, ocean operation, national defense, and marine resources planning and management;
- Maintain the marine data base, and design, develop, and evaluate improved marine data acquisition, processing, and cartographic systems.

The Nautical Charting Program is carried out by the Nautical Charting Division (NCD) of C&GS. NCD plans hydrographic surveys that provide the basic data for the production of nautical charts. These surveys and special investigations of wrecks and obstructions are conducted by NOAA ships and C&GS field parties. NCD has procured Hydrographic Data Acquisition and Processing Systems for installation on NOAA ships and C&GS field parties and is implementing Differential GPS navigation for C&GS surveys. These efforts are resulting in significant productivity improvements. Survey priorities are determined using the automated Survey Request File System. Data from both Government and private sources are used to update nautical charts. Approximately 50,000 of these source documents are evaluated annually and qualified data, plus the hydrographic survey data, are incorporated into the Nautical Chart System Data Base.

NCD products are divided into five principal categories: (1) a suite of over 980 different "nautical charts". These analog products are precise navigational tools which locate and define shoreline, water depth, surface and subsurface obstructions and hazards, coastal features, landmarks, aids to navigation, bottom conditions, channels, and other critical navigational data. Over 300 new editions are produced each year; (2)"Coast Pilot" volumes which contain supplemental navigational information that cannot be shown graphically on the nautical chart; (3) over 500 "bathymetric maps" of coastal waters and the U.S. continental shelf; (4) "Notice to Mariners" publications in cooperation with the Defense Mapping Agency and the Coast Guard. These notices are issued in textual, chartlet, or tabular form and provide critical navigational data to users between new editions of a chart; and (5) "digital data" in response to special requests from other Federal agencies and electronic chart manufacturers in the private sector.

The Nautical Charting Research and Development Laboratory (NCRDL) is developing the next generation automated nautical charting system (ANCS II). Implementation of ANCS II will begin in FY 1994. NCRDL also designs, develops, and evaluates improved data acquisition, processing, cartographic, and dissemination systems. These systems include multi-beam and side scan sonar, differential GPS navigation, airborne laser and multi-spectral sensor technologies, expert systems, and participation in the cooperative Federal and private-sponsored Electronic Chart Testbed Project.

Nautical charts and related marine navigational publications are the basic tools for marine navigation, ocean operations, and marine resources planning and management. A significant portion of chart production goes to the Department of Defense and other Government agencies to support their activities. Other major users are Merchant ships, offshore platforms, work boats, commercial fishing vessels and dredges operating in U.S. ports, coastal and most inland waters of the country, requiring charts to operate safely and efficiently.

In accordance with 44 USC 1307, the prices of the various nautical and aeronautical charts are recomputed annually. The general objective in pricing these products is to recover both direct and indirect production costs. Specifically excluded by statute are the costs of acquiring hydrographic and photogrammetric source data.

Coastal Mapping

- Plan and conduct aerial photographic missions to map the coastal zone and conduct surveys to locate obstructions at the Nation's major airports;
- Perform analyses of survey data to position landmarks and navigational aids needed for the compilation and revision of nautical charts, marine boundary maps, special coastal zone maps, and airport obstruction charts;
- Maintain the photogrammetric data base; and,
- Design and develop new photogrammetric techniques.

The Coastal Mapping Program is carried out by the Photogrammetry Branch of NCD. Detailed project instructions are prepared for NOAA's aerial photographic missions that map the coastal zone and conduct surveys of obstructions at the Nation's major airports. C&GS ground field parties provide the control needed for these aerial photographic missions. Photogrammetric analyses of these survey data are used to (1) position landmarks and navigation aids which are needed in the compilation and revision of nautical charts; (2) establish control for inshore hydrographic surveys; (3) map the high and low water shoreline for depiction on nautical charts and marine boundary maps; (4) locate obstructions and position air navigation aids needed for the construction of airport obstruction charts; and (5) respond to requests from other NOAA components and other Government agencies needs. The Nautical Charting Research and Development Laboratory carries out research in new photogrammetric techniques.

The Integrated Digital Photogrammetric Facility (IDPF)--which uses analytical stereo plotters, computer graphics, and modern data base technologies--is replacing manual methods and providing digital cartographic source data that are needed to support the Nautical and Aeronautical Charting Programs. Research is also conducted on improved aerial camera systems and applying multispectral imagery to NOS shoreline mapping. Cost saving techniques for positioning an aircraft carrying out aerial photography by kinematic Global Positioning System (GPS) methods are becoming operational.

Products of the Coastal Mapping Program are essential to NOAA's nautical and aeronautical charting programs. Over the years the program's photogrammetric techniques have been applied to other environmental problems dealing with the coastal zone. For example, the program has produced boundary maps for government agencies and legal authorities for use in the adjudication of marine boundary disputes among Federal, state, and private litigants. Storm evacuation maps have been used by government and disaster relief agencies for planning emergency evacuation of affected inhabitants from coastal areas subject to flooding by severe storms and hurricanes. Coastal zone managers, planners, scientists, and regulatory agencies use the coastal zone maps prepared by NOAA/NOS to assess marshlands, marine sanctuaries and other coastal areas subject to multiple use.

National Water Levels Program

- Improve the quality, quantity, geographic coverage and timeliness of oceanic and related atmospheric observations;
- Modernize the equipment in the Nation's National Water Level Observation Network (NWLON);
- Improve and centralize acquisition and analysis of ocean data to support operational needs and numerical forecast models for both ocean and coastal areas;
- Provide tidal datums for support of nautical charting and for determination of Federal, state and offshore marine boundaries;
- Facilitate state-of-the-art tidal, current, and geophysical data acquisition, processing and archival facilities; and
- Describe and predict circulation in selected estuarine and coastal areas through use of modern technology that minimizes field operations and numerical modeling techniques.

The National Water Levels Program is carried out by NOS's Office of Ocean and Earth Sciences. The program operates and maintains the primary stations in the National Water level Observation Network (NWLON) located in U.S. coastal areas including the Great Lakes, and U.S. Territories and possessions; performs quality assurance procedures on the data from these stations and computes tidal and Great Lakes datums and predicts tides for all U.S. coastal areas; enters into cooperative programs with other Federal and State agencies; provides data, information and products critical to the National defense, safe navigation, tsunami and storm surge warnings, determination of marine boundaries, Great Lakes water resource management, including hydroelectric power generation and regulation, coastal engineering, and wetland preservation and management. OES' historical water level data base is the longest, continuous geophysical data set available for assessing sea level change, an important indicator of global climate change.

At the NWLON stations and at Headquarters, the Next Generation Water Level Measurement System (NGWLMS), an integrated water level measurement, data acquisition, data transmission, processing, analysis, and information dissemination system, is replacing obsolete field and out-dated computer systems. The new NGWLMS units consist of an acoustic water-level sensor, microprocessor-based data acquisition and storage field components, telephone and satellite telemetry communications links, and centralized data collection, processing, and dissemination capabilities at headquarters. Some of the NGWLMS units have been installed at global absolute sea level monitoring sites in the Long-Term Ocean Observations (L-TOO) portion of NOAA's Climate and Global Change Program, and include additional oceanographic and meteorological sensors and spaced-based radio telemetry/satellite-surveying techniques that provide geodetic control.

The Coastal Circulation Program is also carried out by NOS's Office of Ocean and Earth Sciences- The program couples the latest acoustic Doppler current profiler technology and other state-of-the-art physical oceanographic measurements with sophisticated numerical circulation models via new generation data acquisition and dissemination systems to provide the Nation with circulation measurements, predictions and forecasts/nowcasts within estuaries and coastal areas. Past numerical circulation model studies include the Charleston Harbor and Tampa Bay. Results from real-time measurements and circulation modeling are used to update NOAA/NOS prediction tables and to produce circulation atlases.

Aeronautical Charting

- Plan and direct the construction, maintenance, reproduction, and distribution of aeronautical charts, products, and digital data files of the United states and its territories and possessions to meet the requirements of civilian and military aviation;
- Plan and direct aeronautical flight edit missions; and,
- Design, develop, and evaluate improved aeronautical data acquisition, processing, cartographic, and dissemination systems.

The Aeronautical Charting Program is carried out by the Aeronautical Charting Division (ACD) of the Coast and Geodetic Survey (C&GS). Approximately 15,320 aeronautical charts are produced annually for use by air flights in the National Airspace System. Maintenance of charts and data files is a continuous process that is required to support regularly scheduled update cycles. ACD also reproduces and distributes all of NOAA's nautical charts. ACD products are divided into three principal categories: (1) 134 "visual charts" provide information and instructions to pilots flying under Visual Flight Rules (VFR) and are revised every 6-12 months; (2) more than 8,000 "instrument charts" and related publications provide information and instruction to pilots flying under Instrument Flight Rules (IFR) and are revised every 56 days; and (3) "special products and services" provide Air Traffic Controller Charts, Obstruction Charts, Radar Video Maps, Digital Bright Radar Indicator Tower Equipment (DBRITE) Maps, Terminal Doppler Weather Radar Maps, Airport Facility Directories, Digital Aeronautical Chart Supplements, Obstruction Files, and digital data. ACD will continue to advance air navigation safety by producing, certifying, and supplying all aeronautical data for Federal Aviation Administration's (FAA) Advanced Automation System.

The program maintains the Aeronautical Chart Data Base which includes all data and information required to appear on aeronautical charts. Data comes from the Federal Aviation Administration (FAA), other Federal agencies, and NOAA flight edit missions. ACD prepares chart negatives and printing plates, prints and warehouses charts, and distributes charts to individual users (primarily through sales agents) and to Federal agencies. Cartographic operations have been automated by a system that contains a central host computer interfaced with graphic workstations and special digitizing subsystems. Research is carried out on next generation cartographic systems that will continue to increase productivity and improve product quality.

Aeronautical charts are essential for the operation of the National Airspace System and Air Traffic Control Centers, for military users for National defense, for private planes, corporate aircraft, commercial air carriers, and avionic equipment manufacturers.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Number of nautical charts updated	320	280	280
Number of aeronautical charts updated	10,919	13,280	12,383
Number of special aeronautical charts updated	2,465	2,800	2,944
Number of shoreline mapping projects in digital format	8	8	8
Number of airport obstruction surveys	140	128	128

The number of revised nautical charts is part of the total suite of NOAA nautical charts which numbers over 980. This means that on the average each chart is updated every 2 1/2 years (charts for busy ports are updated every 6 months while the update cycle for remote locations may be every 12 years). Conversion to metric units is National policy. The number of aeronautical charts maintained and the number of airport obstruction surveys is controlled by FAA requirements and is therefore subject to change at any time. The number of aeronautical charts and maps used in the National Airspace System is 12,149. The instrument charts are produced in accordance with International Civil Aviation Organization (ICAO) standards which result in updating and printing cycles of 56 days. The visual charts are generally updated and printed every 6 months. Shoreline mapping projects represent the application of new, highly efficient, technologies to data acquisition and processing.

II. National Spatial Reference System

- Incorporate new horizontal data from NOAA and non-NOAA surveys into the redefined North American Datum of 1983 (NAD 83) and complete the horizontal network in deficient and unsurveyed areas;
- Provide support to the States in the development of high precision geodetic networks;
- Incorporate Federal surveys referenced to the National Geodetic Vertical Datum (NGVD 29) into the North American Vertical Datum of 1988 (NAVD 88) and complete the vertical network in deficient and unsurveyed areas;
- Carry out advanced geodetic science activities, including high accuracy, high resolution geoid determination and crustal motion studies in support of time-dependent modeling of control stations within the National Geodetic Reference System;
- Transfer geodetic technology to Federal, State, and local governments and the private sector;
- Process GPS satellite data from global tracking stations for issuance of GPS orbital positions to civilian users;
- Apply Very Long Baseline Interferometry (VLBI) and GPS observations to determine variations in the rotation of the Earth;
- Participate in international VLBI and GPS observing programs and analyze the observations to define the International Terrestrial Reference Frame (ITRF); and,
- Analyze satellite altimetry data to derive marine gravity fields and tectonic motions of the ocean floor.

The program is carried out by the National Geodetic Survey Division (NGS) and the Geosciences Laboratory of the Office of Ocean and Earth Sciences. NGS conducts and processes data from positioning surveys to determine precise latitude and longitude and enters this information into the NGS Integrated

Data Base. This includes surveys using GPS technology. This technology is being employed to respond to growing State needs for highly accurate geodetic reference networks and Geographic Information Systems. New NAD 83 coordinates and descriptions continue to be published and distributed. NGS also conducts releveling surveys to correct vertical (elevation) network deficiencies in unsurveyed areas and processes new surveys that update the NGRS. NAVD 88 height listings are being distributed to users.

The use of GPS in vertical measurements is being studied to reduce the cost of vertical control surveys. Crustal motion surveys are carried out for earthquake and subsidence prone areas, fault zones, emergency fuel storage sites, and locations for geothermal energy development. This task depends on other geodetic projects (NAD 83, NAVD 88) and is carried out using conventional leveling techniques and GPS measurements. Computation of precise orbits for GPS satellites and distribution to civilian users continue to be important activities.

The State Geodetic Advisory Program is in operation for 26 States. Other technology transfer programs are continuing through regional geodetic coordination and calibration baseline services. The transfer of GPS technology to State and local governments, universities, and the private sector continues.

Geodetic information is required by Federal, State, and local mapping and charting agencies, for property surveys, municipal planning, highway and street construction, local and suburban transit, earthquake and subsidence investigations, highway planning, National defense, water, gas, oil, and sewage conveyance systems, oil and gas field explorations, river and canal maintenance, communication systems, and all boundary determinations.

The Geosciences Lab (GL) applies advanced methods of measurement (e.g. VLBI, GPS, absolute gravity and satellite altimetry) to the observation and analysis of global, continental and regional scale geodetic and geophysical problems. GL researchers collect and analyze measurements of geophysical phenomena such as variations in the rotation of the earth, global patterns of glacial rebound, tectonic motions of the lithospheric plates, and sudden displacements of the crust associated with major earthquakes, ocean and atmospheric loading, tidal displacements, and ocean heat content and circulation. The GL also monitors the positions and behavior of radio sources that define the celestial reference frame. New methods and procedures are transferred to NGS as they reach maturity for operational applications.

Research continues in the application of GPS to crustal motion studies, improvements in GPS techniques for high precision static and kinematic surveys, and development of a high resolution geoid model that will allow vertical heights to be determined from GPS measurements.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Number of horizontal positions determined with GPS	2,200	2,200	2,200
Kilometers of 1st-order leveling surveys	2,200	2,200	2,200

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Modernize Navigation and Positioning Services .	729	$78,792	713	$76,404	-16	-$2,388

Net changes in this initiative due to trade-offs, FTE reductions and administrative reductions equal 16 FTE and $1,943,000 of which $ 650,000 are for trade-offs. NOAA requests an increase of $1,709,000 in FY 1995 to begin the modernization of its navigation and positioning services. The goal of this initiative is to meet the Nation's needs for marine and aeronautical navigation systems that electronically integrate accurate chart data, GPS-based locations, and real-time environmental information. It will enable a response to:

- o Growing inadequacy of products and services caused by declining survey effort, outmoded survey technology, accumulating uninvestigated obstructions, changes in patterns of commerce, and changes in the environment;
- o Changing user needs driven by potential productivity gains enabled by emerging marine electronic chart systems, new generation air navigation and control systems, and the Global Positioning System (GPS);
- o Increasing demand for consistent, compatible databases for scientific and engineering purposes -- data layers for coastal zone geographic information systems based on the navigation database and access to a unified, consistent spatial reference framework through traditional and GPS-based techniques.

Navigation Data Products and Services (0 FTE,-$405,000)

An increase of $645,000 is proposed for Navigation Data Products and Services. This increase will be used to support nautical survey improvements and the production of digital electronic chart data. Processing techniques for NOAA and contractor surveys in critical areas with full-bottom-coverage swath sonar systems will be developed and put in place. These data will be used to revise nautical charts, both in traditional paper and electronic forms. Official approval of electronic chart systems by the International Maritime Organization is expected in FY 95. The requested increase will support initial electronic chart production to start responding to the expected demand.

A decrease of $400,000 for the Observation Buoys in Chesapeake Bay is requested for this project that has a lower priority since it does not contribute as much (as do the base programs) towards the accomplishment of the initiative's objectives.

A trade-off is proposed for $650,000: $300,000 from the production of World Aeronautical Charts, paid for through an increase in aeronautical chart fee price increase, and $350,000 from consolidating the Pacific Hydrographic Center at the Atlantic Hydrographic Center. The decision reflects the fact that both centers provide the same basic support for nautical charting while neither operate at maximum capacity.

NOAA proposes to increase aeronautical chart fees to offset part of the costs of production and distribution. Estimated additional revenues for FY 1995 are $3,000,000.

National Spatial Reference System **(0 FTE,-$690,000)**

An increase of $1.064,000 million is proposed to accelerate renovation of the Nation's geodetic reference system to a National Spatial Reference System capable of providing full support for space-based surveying, positioning, and navigation techniques. By the end of FY 95, NOAA expects to complete the major portion of a basic framework of accessible, high-accuracy reference points and establish an initial array of continuously-operating GPS reference receivers. This will provide a consistent nationwide foundation for accurate horizontal GPS measurements supplanting traditional line-of-sight techniques.

Decreases totalling $1,754,000 are requested for two projects that have a lower priority since they do not contribute as much (as do the base programs) towards the accomplishment of the initiative's objectives: (1) $554,000 for the South Carolina Cooperative Geodetic Survey Program, and (2) $1,200,000 for the Land Information System for the Orleans, Calcasieu, and Jefferson Parishes of Louisiana.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
Develop Digital Nautical Chart Products (% of total charts)	20	22	25	28	30
Establish National Spatia; Reference System (% of total system)	15	20	25	30	35

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Element: Modernize Navigation and Positioning Services
Program Change: Modernize Navigation and Positioning Services

Title:		Grade	Number	Annual Salary 1/	Total Salaries
Chartographer					
Chartographer		13	(4)	$49,947	($199,788)
Computer Spec		11	(6)	34,864	(209,184)
Program Spec		9	(5)	28,648	(143,240)
Total		7	(1)	23,678	(23,678)
			(16)		(575,890)
Less Lapse	0.00%		0		0
Total Full-Time Permanent					
1995 Pay Adjustment (1.6%)			(16)		(575,890)
Total					(9,214)
					(585,104)

Personnel Data	Number
Full-Time Equivalent Employment	
Full-time permanent	
Other than full-time permanent	(16)
Total	0
	(16)
Authorized Positions :	
Full-time permanent	
Other than full-time permanent	(16)
Total	0
	(16)

1/ Annual salary based on locality of position.

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
PROGRAM INCREASE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: **Modernize Navigation and Positioning Services**
Program Change: **Modernize Navigation and Positioning Services**

	Object Class	1995 Program Increase
11	Personnel compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	
25.1	Consulting services	
25.2	Other services	1,064
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	645
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	1,709

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
PROGRAM REDUCTION DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: Moderaize Navigation and Positioning Services
Program Change: Moderaize Navigation and Positioning Services

	Object Class	1995 Program Reduction
11	Personnel compensation	
11.1	Full-time permanent	(585)
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	Total personnel compensation	(585)
12.1	Civilian personnel benefits	(130)
13	Benefits for former personnel	
21	Travel and transportation of persons	(19)
22	Transportation of things	(33)
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	(43)
24	Printing and reproduction	(315)
25.1	Consulting services	(2)
25.2	Other services	(1,141)
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	(65)
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	(1,764)
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	Total obligations	(4,097)

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Implement Seasonal to Interannual Climate Forecasts											
Prediction Systems (Research & Operations)	Pos./BA	163	14,484	97	15,347	97	15,701	96	21,360	(1)	5,659
	FTE/Obl.	154	17,300	94	15,657	94		93		(1)	
TOGA Observing Systems	Pos./BA	0	0	1	0	1	0	0	2,000	(1)	2,000
	FTE/Obl.	0	0	1	0	1		0		(1)	
Other Observing & Data Systems	Pos./BA	16	4,089	5	4,700	5	4,706	5	4,703	0	(3)
	FTE/Obl.	15	4,010	5	4,778	5		5		0	
Other Observing & Data Systems (Data mgt.)	Pos./BA	320	24,353	323	27,600	323	28,221	317	30,273	(6)	2,052
	FTE/Obl.	304	23,910	311	28,043	311		305		(6)	
Process Research	Pos./BA	223	25,158	148	31,375	148	31,712	147	36,112	(1)	4,400
	FTE/Obl.	211	24,767	143	31,767	143		142		(1)	
Socio-Economics & Education	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Implement Seasonal to Interannual Climate Forecasts	Pos./BA	722	68,084	574	79,022	574	80,340	565	94,448	(9)	14,108
	FTE/Obl.	684	69,987	554	80,245	554		545		(9)	

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Environmental Assessment and Prediction
Implement Seasonal to Interannual Climate Forecasts

Vision Statement

NOAA will provide reliable one-year lead-time forecasts of global climate variability, especially El Niño and the consequent precipitation and surface temperature distributions, to a society that responds to the forecasts so as to increase its economic advantage and to mitigate against economic losses and social disruption.

Proposed Legislation

No Legislation is proposed for this Initiative.

Base Program FY 1995

The four long-range goals included in this area are:

1) **Monitor and Predict Seasonal to Interannual Climate (e.g., El Niño)**
2) **Develop and Implement Required Observational and Data Systems**
3) **Perform Underlying Research Required for Continual Improvement of Forecasts**
4) **Assess Socio-Economic Consequences**

As background for these goals, extensive research efforts of the Tropical Oceans-Global Atmosphere (TOGA) Program have shown that scientists can now predict El Niño events -- the largest source of interannual climate variability -- to a level of confidence and with enough lead time that hundreds of millions of dollars a year could be saved in the U.S. economy. Economic losses from El Niño are enormous; predictions of El Niño and its temperature and rainfall patterns will prevent some of the losses from occurring. NOAA is working to transform the research efforts into practical applications, improve and make operational the observing systems, and maintain the basic research upon which the predictions depend. This Initiative includes $26.6 million of the NOAA's Climate and Global Change Program.

Prediction Systems

Efforts to develop integrated prediction systems emphasize:

(1) the development of applications and official forecasts to the U.S. public, industry, agricultural sectors, and U.S. interests abroad, and
(2) the research and development necessary to develop improved global climate predictions and assist countries around the world to develop methods for using such forecasts.

The integrated effort includes two thrusts. For reasons of national security and economic advantage in both the domestic and international arenas, the U.S. needs an official climate forecast from a federal source (NOAA), with complete autonomy in, and responsibility for, the development and utilization of its own forecasts, via a facility that is fully funded and managed by the U.S. The National Meteorological Center is responsible for the required, official, U.S. government climate forecasts.

Equally important, and noting that many developing nations do not have the scientific and funding resources to establish their own climate forecasting institutions, the U.S. must participate with other nations in the research and development on, and utilization of, seasonal to interannual climate forecasts, as committed to at UNCED. The U.S. Global Change Research Program is supporting a multinational effort to fulfill this role, so as to ensure that national security and economic advantage for any one country are not at issue.

The first thrust, the national effort, is being implemented by enhancing the forecast and delivery systems. Activities will include:

- accelerated development of a multi-season forecast system based upon models of a coupled ocean-atmosphere, and operational implementation of a coupled forecast system;

- expansion of the development and implementation of systems to process and assimilate observations and to produce the product suite and supporting data sets; and

- interpretation of forecast parameters and development of economic applications for national planning, commercial development and improving economic advantage.

The second thrust, the multi-national effort, will implement the goals of the International Research Institute for Climate Prediction (IRICP). The Institute is designed to a) accelerate research focussed on climate variability on seasonal to interannual time scales b) produce routine experimental forecasts of such climate variability, c) provide these to the appropriate agencies in participating countries, and d) assist participating countries in effectively using the forecasts to meet their particular social and economic needs. The initial focus will be on those regions of the world where significant social economic benefits can be immediately realized.

Other Observing and Data Systems:

The major programs in this element are the water-level measurement (in situ and satellite-altimetric), drifting buoys, XBT and surface-meteorological observations from ships-of-opportunity, Arctic air temperature buoys, and annual assessments of ice conditions in the Arctic and Great lakes. These activities are baseline components of the nascent Global Ocean Observing System (GOOS), a commitment of UNCED to be funded by the developed countries.

Other Observing and Data Systems (Data Management):

The objective of Environmental Data Management Services is to increase productivity and improve support to the national economy, agriculture and energy industries, scientific research, and the military services by improving the quality and accessibility of national environmental data and information files; and to improve environmental data products and services. A key element of this activity is to rescue critical environmental data that are presently at risk of being lost due to deteriorating storage media and to provide archiving capability for data from new NOAA observing systems such as GOES and NEXRAD, and make them readily accessible. Many of the data compilations and information products are directly relevant to various aspects of the seasonal-to-interannual climate prediction and assessment.

Environmental Data Management Services comprises NOAA-wide data and information services that include the NOAA national data centers and other repositories of environmental data and information located throughout NOAA, including the NOAA library system. The three data centers are: the National Climate Data Center (NCDC) in Ashville, North Carolina; the National Oceanographic Data Center (NODC) in Washington, D.C.; and the National Geophysical Data Center (NGDC) in Bolder Colorado.

NOAA collects global environmental data about the oceans, earth, atmosphere, and the sun for use in NOAA activities to investigate, describe, and predict environmental conditions. The data are used in numerous applications in industry, agriculture, business, law, science, engineering, and academic research, as well as by Federal State and local government agencies and by the general public. Maintaining a national environmental data base ensures that the large investment made to collect global data continues to pay-off by providing information for decision-makers in climate sensitive industries, marine resource management, policy planning, eduction and science.

Process Research:

TOGA is a ten-year program, scheduled to end in 1994, which has successfully achieved its twin goals of 1) determining the predictability of the El Niño-Southern Oscillation (ENSO) cycle, and 2) providing predictions of ENSO up to a year in advance. A follow-on fifteen year program, the Global-Oceans-Atmosphere-Land System (GOALS) Program, planned to begin in 1995, will continue with base NOAA research program funds. GOALS will serve as a U.S. contribution to the international Climate Variability (CLIVAR) Program of the World Climate Research Program

(WCRP). GOALS will continue to focus on improvement of the coupled ocean-atmosphere models in simulating the structure of ENSO that were initiated under the TOGA Program. The models will be used to study the role of the annual cycle in the ENSO process and investigate the inherent limitations to interannual predictions.

Two of the highest scientific priorities in the U.S. Global Change Research Program (USGCRP) in the determining the nature and variability of the Earth's climate system involve understanding the nature of land-atmosphere-ocean water and energy interactions, and the role of clouds. This element includes NOAA's contribution to the Global Energy and Water Cycle Experiment (GEWEX) of the World Climate Research Program (WCRP), and to related projects of the International Geosphere Biosphere Program (IGBP). The principal thrusts are directed at atmosphere-land surface interactions, distribution of atmospheric water vapor, cloud processes, and radiative impacts of anthropogenic aerosols.

Many of these processes operate on very short time-scales, however, our ability to represent them explicitiy or implicitly in climate models is critical to successful prediction of climate change on seasonal and longer time-scales.

Socio-Economics and Education:

Economic and Human Dimensions Analyses - Sustainable development is not possible without adequate predictive information. The pervasiveness of economic and other human consequences of seasonal to interannual events reflect the importance of forecasting capabilities for economic health and competitiveness. For example, analyses must be conducted to further articulate the effects of ENSO events on various U.S. commercial sectors, including agriculture, energy, and water resources, as well as human inputs and adaptations and to identify the potential benefits from various levels of improvement in predictive accuracy. It is important to identify the spatial and temporal time frames of the ENSO products that will be of most benefit to the various affected sectors of the economy.

Public Information and Education - Local actions are needed to mitigate or adapt to the effects of climate change and variability, both natural or human-induced. Such actions will not be taken unless the public is adequately informed and educated about these environmental issues. The awareness of ENSO climate effects, warm and cool extremes, is increasing, and public education is the key to building the necessary monitoring, data dissemination and response networks.

Measures of Performance

Because climate forecasting on seasonal to interannual time scales is still an emerging area, interim performance measures have been developed to track progress toward implementing seasonal to interannual climate forecasts. These measures are the first attempt by any organization in any country to quantify long-range improvements in seasonal to interannual forecasts in terms of forecast success. Further study and experience in operational forecasting are necessary to facilitate any needed improvements and revisions to these performance measures.

The numbers in these performance measures represent a best estimate of expected seasonal to interannual forecast performance for selected, measurable combinations of geographical area and lead time. In FY 1994, performance measures will be developed in cooperation with the National Academy of Sciences' National Research Council (NAS/NRC), to assess progress in predicting temperature and precipitation outside the U.S. and in predicting phenomena other than ENSO that affect seasonal to interannual variability.

The figures included for FY 1993 activities reflect NOAA's efforts to quantify the present experimental prediction efforts and are focused in the following three areas:

A. Prediction Activities: Implement steps toward establishing new institutional arrangements that apply the unique talents and capabilities of NOAA and its university partners to a program that provides experimental forecasting products for use by all interested countries, and an operational forecasting capability designed specifically to address U.S. interests at home and abroad.

B. Observing Systems and Data Management: Continue the research-funded TOGA observing system and ensure its progressive evolution towards an operational capability; develop and maintain the necessary data systems to handle the acquisition, processing and quality control, secure archiving and efficient dissemination of data and information.

C. Process Research: Maintain a comprehensive research program, including GEWEX and the evolution of TOGA into GOALS, which seeks improvements in understanding and predicting seasonal to interannual climate variability through the use of coupled models of the global upper ocean, atmosphere and land processes.

The collective achievements in the above three activities are measured in the long run by assessing whether forecasts of both the occurrence of ENSO events and the rainfall and temperature patterns associated with seasonal-interannual climate variability are being improved. Improved forecasts require the improved predictions, observations and data management, and research outlined above. Progress in each of these three areas can be tracked, as done below by use of the milestones in each area, but in the end the fundamental measure of success is simply improved forecasts.

There are typically four variables associated with the skill and accuracy of a forecast system. These are: geographical area, lead time, season, and confidence level. The success of a forecast is measured by combinations of these variables.

In the performance measures below:

- "Accuracy" means the pattern correlation of the forecast relative to actual conditions. Since ENSO events are defined by the sea surface temperatures (SST) in the central Pacific Ocean, the accuracy of the forecast of an ENSO event has to do with the pattern correlation of the central Pacific SST, forecast versus real data.

- "Lead time" is measured in years; .25 is one season.

- "Skill" score means 100 times the number of correct forecasts (C) divided by the number of forecasts made (N), with adjustments for those cases where the actual conditions are equal to the climatological or random-choice expectation (E). The skill score formula is Skill = 100(C-E)/(N-E). Note that Skill is a statistical measure of the percentage of time the forecast is better than climatology or a random guess; it depends upon there being a number of forecasts and a wealth of experience. It is the usual measure of success used by the NWS in daily forecasting, but will require some years of effort to become a reliable indicator, since ENSO events occur infrequently.

- Temperature and precipitation are combined because the forecasts for these variables are closely related; however, on average, skill in forecasting precipitation is 5 points lower. Note that a skill score of 40 (the Vision) is comparable to the current skill level of a two-day weather forecast in the continental U.S.

The key prediction system in the NWS for making the seasonal-to-interannual forecasts is the dynamic coupled model; it is currently an experimental program that will transition to an operational mode. The rate at which this will happen is given in the first line of the table below, for informational purposes. This is not a performance measure, but rather a tracking mechanism to show evolution of the program. Similarly, the key observational system for driving the predictions is the TOGA TAO array of moorings in the equatorial Pacific Ocean. This program is currently funded by research funds and formally ends in December 1994. The rate at which it is planned to transition to an operational mode is given in the second line of the table, also for informational purposes.

	1993 Actual	1994 Estimate	1995 Estimate
Tracking Measures			
Per Cent Dynamic Coupled Model Prediction System Operational:	0	25	25
Per Cent TOGA TAO Observing System Operational:	0	0	0
Performance Measures			
1. ENSO Occurrence (in the central Pacific)			
● Accuracy	0.7	0.8	0.8
● Lead Time (years)	0.25	0.5	0.5
2. U.S. Temperature & Precipitation			
● Skill Score	12	15	15
● Lead Time (years)	0	0.25	0.25

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Implement Seasonal to Interannual Climate Forecasts	554	$80,340	545	$94,448	(9)	$14,108

Net changes in this initiative due to FTE reductions, administrative reductions and elimination of lower priority programs equals -9 FTE and -$3.7 million. The total of program increases for this initiative equals $17.8 million, of which $14.7 million is part of the President's investment ceiling.

Prediction Systems (Research and Operations) (0 FTE, +$5,797,000)

A new operational climate prediction effort will be initiated that builds on the resources and infrastructure already in place at the National Weather Service (NWS). The results of new research results about El Niño during the past decade now presents an opportunity to make long-lead forecasts of climatic conditions and unusually severe or prolonged conditions, and to present this information with a stated measure of confidence. This information is of vital, strategic importance for national planning and for direct commercial application to U.S. industry in agriculture and transportation which depend on water resources and energy production.

A complimentary component is the International Research Institute for Climate Prediction (IRICP), which has been advocated in many international fora over the past two years, most notably as an assessment activity of the USGCRP by the U.S. delegation to UNCED in Rio. As proposed, an IRICP, through a network of research institutions, will support research and development of coupled climate prediction models, develop and produce experimental forecasts, and train scientists and decision-makers in the interpretation and utilization of predictions. Application Centers in participating countries will tailor and distribute products of social and economic benefit to users. The IRICP concept defines a partnership between developed countries -- which have made advances in understanding and predicting climate variability -- and developing countries, where utilization of climate predictions will have significant social and economic impact. The assessment of seasonal to interannual climate variations will be provided through the delivery of information products of direct relevance to decision-makers within governments and industries.

Included in this change request is elimination of funding (-$3,000,000) for the six Regional Climate Centers located in New York, Illinois, Nebraska, Nevada, South Carolina, and Louisiana. The funding responsibility for state and regional programs should be shifted to the direct beneficiaries.

TOGA Observing System: (0 FTE, +$2,000,000)

The Global Ocean Observing System (GOOS) is an international effort to design and implement an operational, scientifically-based, multi-purpose program of physical, chemical, and biological measurements. GOOS will be initiated as an outgrowth of the base supported research supported observing systems, principally the TOGA Observing System. This is the priority and essential element of being able to make operational routine ENSO predictions. This observing system will make use of the ten years of investment in research for the TOGA programs. The System is comprised of moored and drifting buoys for sea surface and upper ocean temperature and surface winds, XBT profiles from ships of opportunity, sea level measurements (in situ and from satellites), and sea surface temperature fields (blended satellite, ship and buoy data).

Improved handling of the large amounts of data generated by the TOGA and GOALS programs will take place so that easy access to data and information is ensured. Efforts will be made to improve data quality control, real-time distribution networks, and distributed archives. These efforts include strengthening the present systems to facilitate the data flow to users, linking the geographically dispersed holding and synthesizing and integrating data bases.

Other Observing and Data Systems:

No programmatic increases/decreases are requested in this program element.

Other Observing and Data Systems (Data Management:) (0 FTE, +$2,444,000)

This increase (+0 FTE and $2,444,000) is required to sustain current levels of operations at NOAA's three data centers that are responsible for the archiving and distribution of critical climatic, oceanographic, and geophysical data. the base operation must be maintained to be responsive to increased user requests for environmental data, to be ready for new data streams from NWS modernization, and to continue data rescue activity necessary to avoid loss of high priority historical data.

Process Research: (0 FTE, +$4,585,000)

Although the research programs to date have demonstrated the possibility of predicting the occurrence of El Niño-type events, given sufficient data, prediction of the meteorological *effects*, i.e., distributions of rainfall and temperature change, is still at an early stage and needs considerable improvement. The research programs outlined below are either directly addressing the improved predictability of the temperature and rainfall distributions, or are directly assessing the consequences of the events to help set and validate the research and operational directions and activities.

Most of the extratropical teleconnections associated with ENSO are observed during the winter season, when the planetary waves are strongest and exhibit the highest degree of organization. Because of these systematic relationships, some of which have been recognized since the 1920's, the prediction of wintertime climate anomalies has generally tended to be regarded as the most tractable seasonal climate prediction problem. Accordingly, the main focus of the modeling and prediction components in TOGA has been wintertime variability over North America. Under the GOALS program, the modeling and prediction efforts will be expanded to encompass the whole calendar year, with emphasis on precipitation anomalies during the growing season. Less is known about the predictability of climate anomalies during the warm season, but there are indications of links to ENSO as well as relationships that may be independent of ENSO.

The implementation of the Global Energy and Water Cycle Experiment (GEWEX) Continental-scale International Project (GCIP) is the most important component for NOAA's GEWEX program during the next five years. GCIP has the Mississippi River Basin as its principal study area and aims to establish, on a continental scale, the significance of the many complex land-atmosphere interactions and land surface processes for climate variability and change. The GCIP five-year data collection analysis and modeling effort will improve the representation of the hydrological cycle in seasonal to interannual climate prediction models.

Benefits to the Nation

It is often said that the U.S. is the strongest research nation on earth, but sadly lacks the ability to obtain societal benefits from that research. After a decade of focused ocean-atmosphere environmental research, NOAA now plans to apply the knowledge gained to making routine predictions of seasonal to interannual climate variability, focusing on El Niño-Southern Oscillation (ENSO) events. These forecasts, providing information on temperature, rainfall, and ocean circulation patterns, will be of substantial benefit to the agriculture, energy, water resources, energy, and other sectors. Well-prepared case studies have shown that societies can and do respond favorably to accurate forecasts of El Niño events when they are properly informed and in a timely manner. The results of those responses result in reduced economic damage within local economies and across trading economies. A review by economists from several countries, held in 1992 at Florida State University, concluded that an El Niño forecast accuracy of 77% would result in $313 million per year in savings to the U.S. agricultural sector alone. Additional studies are now in progress.

The recent severe cold spell on the East Coast provides an excellent example of the value of long-lead climate forecasts. The natural gas and fuel oil reserves that are necessary to support a metropolitan complex such as Washington, D.C. must be ordered and shipped weeks in advance. In addition, because winter normally requires less electrical power generation, some power plants were taken off-line for non-critical maintenance. Without a long-lead forecast with both confidence and credibility, the utilities were not prepared for the severe, sustained, cold front and underestimated the resources required to provide power to the Washington D.C. metropolitan area. The result, was a declared state of emergency, with brownouts and rolling blackouts, business losses and the closing of the federal government offices. The cost of closure of the federal offices alone was estimated by the Office of Personnel Management to exceed $60 million.

Measures of Performance

Tracking Measures	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
Per Cent Dynamic Coupled Model Prediction System Operational:	50	55	60	65	70
Per Cent TOGA TAO Observing System Operational:	15	20	25	30	35
Performance Measures					
1. ENSO Occurrence (in the central Pacific)					
● Accuracy	0.85	0.9	0.9	0.9	0.9
● Lead Time (years)	0.5	0.5	0.5	0.75	0.75
2. U.S. Temperature & Precipitation					
● Skill Score	18	18	20	22	24
● Lead Time (years)	0.25	0.5	0.5	0.5	0.5

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Element: Implement Seasonal to Interannual Climate Forecasts
Program Change: Implement Seasonal to Interannual Climate Forecasts

Title:		Grade	Number	Annual Salary 1/	Total Salaries
Oceanographer		13	(2)	$49,947	($99,894)
Meteorologist		11	(4)	34,746	(138,984)
Physical Scientist		9	(2)	28,648	(57,296)
Program Spec		7	(1)	23,678	(23,678)
Total			(9)		(319,852)
Less Lapse	0.00%		0		0
Total Full-Time Permanent			(9)		(319,852)
1995 Pay Adjustment (1.6%)					(5,118)
Total					(324,970)

Personnel Data	Number
Full-Time Equivalent Employment	
Full-time permanent	(9)
Other than full-time permanent	0
Total	(9)
Authorized Positions :	
Full-time permanent	(9)
Other than full-time permanent	0
Total	(9)

1/ Annual salary based on locality of position.

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
PROGRAM INCREASE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: **Implement Seasonal to Interannual Climate Forecasts**
Program Change: **Implement Seasonal to Interannual Climate Forecasts**

	Object Class	1995 Program Increase
11	Personnel compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	441
22	Transportation of things	294
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	588
24	Printing and reproduction	294
25.1	Consulting services	
25.2	Other services	9,447
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	
31	Equipment	1,617
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	5,145
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	17,826

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
PROGRAM REDUCTION DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: Implement Seasonal to Interannual Climate Forecasts
Program Change: Implement Seasonal to Interannual Climate Forecasts

	Object Class	1995 Program Reduction
11	Personnel compensation	
11.1	Full-time permanent	(325)
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	Total personnel compensation	(325)
12.1	Civilian personnel benefits	(72)
13	Benefits for former personnel	
21	Travel and transportation of persons	(11)
22	Transportation of things	(18)
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	(24)
24	Printing and reproduction	(8)
25.1	Consulting services	(1)
25.2	Other services	(2,023)
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	(36)
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	(1,200)
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	Total obligations	(3,718)

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Predict and Assess Decadal-to-Centennial Change											
Climate & Global Change	Pos./BA	459	66,347	387	77,772	387	79,393	377	78,055	(10)	(1,338)
	FTE/Obl.	435	65,236	372	78,636	372		363		(9)	
Health of the Atmosphere	Pos./BA	14	1,277	0	1,376	0	1,453	5	3,938	5	2,485
	FTE/Obl.	13	1,277	0	1,376	0		5		5	
Insuring a Long-Term Climate Record	Pos./BA	139	3,906	66	11,932	66	12,248	66	12,143	0	(105)
	FTE/Obl.	131	10,561	64	12,343	64		64		0	
Research Instrumentation	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
National Underseas Research Progam	Pos./BA	1	1,961	8	1,908	8	1,909	0	0	(8)	(1,909)
	FTE/Obl.	1	1,837	8	1,957	8		0		(8)	
Subtotal, Predict and Assess Decadal-to Centennial Change	Pos./BA	613	73,491	461	92,988	461	95,003	448	94,136	(13)	(867)
	FTE/Obl.	580	78,911	444	94,312	444		432		(12)	

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Environmental Assessment and Prediction
Predict and Assess Decadal-to-Centennial Change

Vision Statement

NOAA will provide science-based advice to governmental and industrial decisionmakers by detecting and assessing decadal-to-centennial changes in the regional and global environment, specifically for air quality improvement, climate change, greenhouse warming, and ozone layer depletion.

Proposed Legislation

No Legislation is proposed for this Initiative.

Base Program FY 1995

Between 1995 and 2005, governments and industry will face a series of decisions and actions on a range of key environmental issues, including climate change, cleaner air, ozone depletion, and ecosystem perturbations. The initial components of the legal requirements for those upcoming decisions are already in place, e.g., the U.S. Clean Air Act and the U. N. Climate Convention and Montreal Protocol. In most cases, these decisions will involve difficult and potentially very costly choices. For example, estimates of the cost of stabilizing greenhouse gas emissions range to $5.1 trillion globally, and the incremental value of even marginal increases in our ability to assess the climate impacts of these emissions are enormous. The research and assessment approaches to achieving this aim are outlined below, as are the benefits to the Nation and the world.

Climate and Global Change:

The goal of this element is to provide reliable predictions of a global environmental change and associated regional implications on timescales of decades to a century. This will establish the scientific basis for national and international policy formulation and decisions relating to natural and human induced changes in the global environment and their regional impacts. The activities included in this element include both the NOAA participation in the interagency U.S. Global Change Research Program (USGCRP) and much of the underlying research and support on which the USGCRP is built.

Climate and Global Change: USGCRP Program

NOAA's role in the national program, is to address the most important aspect of global change —the global climate system– because changing climate confronts us with significant economic, health, safety, and national security implications. NOAA has a significant role in operational observation, research, prediction, and information management efforts for the national global change effort. NOAA's role is integrated with the roles of other agency participants in global change, (NSF, NASA, EPA, USGS, etc.) through the Committee on the Environment and Natural Resources (CENR) under the National Science and Technology Council (NSTC). NOAA's broad objective is to establish a new national information service based on reliable assessments and quantitative predictions of changing global climate. Once established, this new service will help NOAA provide high-quality predictions and assessments to other Federal agencies, the public and private sectors, and the international community. The near-term objective is to provide reliable predictions of global climate change, both human-induced and natural, and associated regional implications on time scales ranging from seasons to a century or more.

There are six critical policy questions that NOAA research addresses:

- **The Role of Carbon Dioxide** -- how the CO_2 budget varies naturally, how human activities change it, and how it might respond to future changes in environmental conditions.
- **Sea Level Change** -- how and why is sea level changing, what is sea level apt to do in the future, and what would be the consequences.
- **Detection of Climate Change** -- what are long term climate trends (e.g. greenhouse warming), and can we differentiate between natural and human-induced changes in the climate system.
- **Prediction of Climate Change** -- how to improve global model development and delivery of improved seasonal and year-to-year climate change predictions through greater understanding of processes within each component of the Earth System as well as processes that involve interactions between two or more of the components.
- **Stratospheric Ozone Depletion** -- what are the causes, extent, and implications of stratospheric ozone depletion.
- **Marine Ecosystem Responses** -- how marine ecosystems vary naturally, how human activities change them, and how they might respond to future changes in environmental conditions.

NOAA's contributions to the answers to these policy questions are unique among the Federal agencies.

Since the program's inception in FY 1989, NOAA's Climate and Global Change Research Program can already lay claim to many significant accomplishments:

- Established the Network for the Detection of Stratospheric Change. The data from these ground-based global remote-sensing stations will provide calibration for satellite sensors, detect stratospheric changes including ozone depletion and greenhouse warming, and provide information to refine and improve global models.

- Identified the likelihood of a terrestrial sink for carbon dioxide. Analysis of the global distribution of carbon dioxide in the atmosphere and upper ocean indicates that the ocean probably is less of a sink than scientists previously believed and the terrestrial biosphere may be larger than they thought. This underscores the uncertainty in our understanding of the global carbon cycle and suggests that the natural sinks for carbon dioxide may have saturation limits.

- Provided new policy-relevant information on greenhouse and ozone-depleting gases and characterized the atmospheric role of several other proposed chlorofluorocarbon replacements, thereby proposing critical guidance to industry.

- Completed the "Scientific Assessment of Stratospheric Ozone" for the United Nations. NOAA and NASA chaired the state-of-the-science review that produced this report, a critical document for decisions on such issues as chlorofluorocarbon substitutes.

- Made major contributions to the 1992 Intergovernmental Panel on Climate Change (IPCC) Scientific Assessment of Climate Change. This document had a major influence on the deliberations at the Rio de Janeiro Earth Summit.

- Prepared and distributed continuing long-term records of meteorological, oceanographic, and land surface data from operational NOAA satellites and ground-based observing systems.

NOAA's FY 1994 base program is designed to integrate the agency's unique scientific assets and join them with those of the university community and other federal agencies to provide a sustained long-term contribution to the U.S. Global Change Research Program. NOAA has two critical roles to play in fulfilling the promise of the USGCRP:

- Contribute unique NOAA assets and expertise to fill critical gaps in scientific understanding; and

- Provide the long-term resolve required to synthesize research results into a continually-updated, integrated picture of Earth System behavior and climate change.

To address the first of these responsibilities, NOAA will support a number of highly-focused observational and research activities which provide insights into the following critical Earth System problems:

- **Atmospheric Chemistry,** including sources and sinks, trends, and processes related to the climatic impact of the greenhouse gases and aerosols, as well as the causes, extent, and implications of stratospheric ozone depletion, with emphasis on information relating to choices among halocarbon substitutes, the characteristics of Antarctic and Arctic Ozone losses, and the elucidation of the causes of the downward trends in global ozone;

- **The Role of the Ocean In Climate Change and the Response of Marine Ecosystems,** including: critical U.S. contributions to high-priority international ocean research projects of the World Climate Research Program (WCRP) and the International Geosphere-Biosphere Programme (IGBP), including the World Ocean Circulation Experiment (WOCE), the Joint Global Ocean Flux Study (JGOFS), and the Global Ocean Ecosystems Dynamics (GLOBEC) Program;

- **The Human Dimensions of Global Change,** with an early emphasis on critical NOAA contributions to the evolving U.S. program of Economics Research Related to Global Change, particularly in the areas of determining the value of information to decisionmakers and assessing the economic implications of climate change, including seasonal and year-to-year fluctuations.

In its second major role, as the agency responsible for providing the national focus for information synthesis. NOAA will sustain a long-term integrating activity in the following program-wide area:

- **Documenting Climate Change,** with a particular focus on distinguishing between natural and human-induced change, through projects aimed at: (i) providing support for the U.S. component of the Global Climate Observing System (GCOS); (ii) continued leadership in the establishment of an effective national data and information management system for the USGCRP; and (iii) a program of paleoclimate data base development with a primary focus on climate records with seasonal, interannual and decadal resolution.

  The NOAA research program focusing on time scales of decades and longer can be generally divided into research activities that address (i) the forcings of long-term changes in climate and atmospheric composition, (ii) the processes that determine natural variability and responses in the climate system, (iii) the record of the observed trends, (iv) and predictions and assessments of long-term changes on global and regional spatial scales.

Below is a description of the major research areas funded in this program:

Forcing Agents: Gases, Aerosols and Solar Variability - An initial step in gaining a predictive understanding of these human-induced decadal-to-centennial changes is characterization of the agents of change, both natural and human-related. Volcanic injection of aerosol particles can introduce multiyear cooling terms, e.g., the eruption of Mt. Pinatubo, and the possibility that solar variation can introduce decadal climatic changes is an active research area. Superimposed on these forcing agents are human inputs to the atmosphere that can introduce decadal-to-centennial changes. The past two-to-three decades has seen a marked deterioration of air quality in the industrialized countries, clearly arising from chemical emissions from human activities.

Similarly, countries have begun to address which ozone-layer-depleting gases should be regulated. It is clear that the long-lived chlorofluorocarbons (CFCs) and halons will be phased out as soon as possible. World governments are also now focusing on decisions regarding greenhouse gases. The economic stakes are high, both in terms of impacts of possible global warming and the costs of taking ameliorative emission reductions. Hence, knowledge regarding the greenhouse roles of a large variety of greenhouse gases is of premium value.

Monitoring the trends of the major human-influenced greenhouse gas - carbon dioxide - in the atmosphere has been a hallmark of NOAA. The Mauna Loa 30-year record is probably one of the most-frequently shown figures in the atmospheric sciences. The NOAA records of methane abundances globally are unequalled. Complementing this monitoring activity are laboratory, field, and modeling studies that focus on gaining the understanding to predict future greenhouse forcings. Lastly, one of the most dramatic greenhouse discoveries of the past year was the recognition that CFCs, in addition to their direct greenhouse role, have a cooling role that tends to offset the former. This finding has revised the global warming predictions downward slightly.

Processes Involved in Decadal and Longer Climate Change - Recent research has highlighted the role of the ocean in climate change. NOAA and NOAA-sponsored university investigators have established strong partnerships in advancing our knowledge of these processes toward the goal of climate prediction. The Atlantic Climate Change Program is directed toward understanding the decadal-scale interactions of deep circulation in the Atlantic and how it influences the overlying atmosphere. In addition, a more global perspective on the problem is provided through NOAA's participation in the World Ocean Circulation Experiment (WOCE), a seven-year effort to survey global ocean water and circulation properties. Implied within WOCE is the development of an observing capability to detect large scale changes in ocean circulation; work on five-year repeat ocean sections of carbon and tracer distributions by NOAA's Pacific Marine Environmental Laboratory and Atlantic Oceanographic and Meteorological Laboratory may be a prototype of this activity. As NOAA's contribution to the Joint Global Ocean Flux Study, NOAA and university scientists are examining the physical aspects of the flux of carbon dioxide between the ocean and the atmosphere.

Detection of Global Change - Accurate information about long-term changes for a variety of climate quantities are required in order to ascertain the sensitivity of the climate system to changes in atmospheric composition as well as the impact of climate change on socio-economic, biogeochemical and physical systems. These climate quantities are often required at high temporal and spatial resolution, especially with respect to the impact of climate change. The observations available to develop this information however, reflect both random and time varying biases, and are derived from disparate observing systems as well as proxy paleodata. Too often, the data from these systems is inaccessible to researchers either because they are not efficiently stored on electronic media, they remain in scientific logbooks, or they are of unknown accuracy.

Prediction and Assessment - NOAA researchers have led the world in discoveries that have dramatically changed our understanding of human influences on the ozone layer. These services include ground-based monitoring of trends of ozone and ozone-depleting gases and discovering the cause of the Antarctic ozone "hole", coordinating world scientific assessments of the state of understanding, and conveying the significance of that to policy makers.

The NOAA global climate models are widely accepted as the benchmarks for prediction of long-term climate change. Data from NOAA and other USGCRP ocean programs have been vital in verifying the performance of those models. With climate forecasts that will be provided by NOAA, governments, the private sector, and the public can make important decisions that can save millions of dollars.

As part of its environmental prediction responsibilities, NOAA is also a leader in the Global Ocean Ecosystem Dynamics (GLOBEC) Program, an interagency effort to determine the response of marine ecosystems and associated fishery resources to climate change. Present efforts are focusing on the Georges Banks, where relatively small changes in ocean temperature can produce large changes in this economically important fishery region. Interdecadal variability in cod, mackerel, and herring abundances around the north Atlantic basin in relation to physical oceanographic variables will be assessed. Also, as part of the U.S. GLOBEC program, a study of the California Current will begin in 1996 that will include study of (a) inter-decadal variability as determined from paleo-oceanographic analysis of fish scales in cores from anoxic basins, and (b) retrospective analysis of north Pacific atmospheric, oceanographic and fisheries data to test the hypothesis that ecosystem structure changes rapidly (time scale of several years) rather than gradually. Whether these biological shifts are a response to gradual physical changes or whether some components of the physical environment also change rapidly and cause these shifts is open to investigation.

The NOAA Climate and Global Change Program base program will enable NOAA to fulfill its critical roles in the USGCRP. Without a strong NOAA, the Nation cannot expect to see the early delivery of reliable climate predictions that are vital to the success of the USGCRP.

Climate and Global Change: Research Contributing to the USGCRP and Regional Environmental Issues

Long-Term Climate and Stratospheric Ozone Depletion Research - The objectives of this component are to establish a critical observational data base and a predictive capability to analyze and predict changes in long-term climate and stratospheric ozone depletion due to natural variations and human causes, such as increasing atmospheric levels of radiatively important and chemically reactive trace species.

Trends in ozone depletion and long-term climate change are influenced by natural processes and human-induced modifications of these natural processes. Human activities may alter the natural cycles of change experienced by the Earth's climate and ozone layer by changing the global temperature and modifying atmospheric chemistry. The adverse effects of these changes are: (1) an enhancement of the "greenhouse effect" which may change global temperature and precipitation patterns, significantly affecting agriculture production worldwide; (2) a reduction in the ultraviolet shielding effect of the stratospheric ozone layer, significantly increasing the risk of skin cancer and harmful effects to terrestrial and aquatic ecosystems.

NOAA monitors and investigates important atmospheric constituents and studies ocean dynamics and processes linked to global air quality and climate changes. NOAA's research programs focus on: (1) monitoring atmospheric greenhouse gases (e.g. carbon dioxide, methane, and halogen compounds), which affect the radiative heat balance and play important photochemical and chemically reactive roles; (2) determining the dynamics and transport of these chemical species in the atmosphere and oceans and their transport across the air/sea-surface interface; (3) evaluating their impact on climate and the global chemical balance; and (4) making measurements to determine the oceans' ability to absorb these gases over the long term, which may have a significant effect on long-term climate.

Specific research activities include:

- **Subtropical Atlantic Climate Studies (STACS)** program investigates transport of heat by ocean currents, which is a key element in the natural global processes affecting seasonal and long-term climate changes. An important part of STACS is developing monitoring techniques, such as the continuous recording of the variations in ocean currents and the corresponding heat transport. Field research is being conducted on the Florida and Antilles Currents by measuring voltage differences in a submarine cable.

- **Atmospheric monitoring** measures the long-term background concentrations of several key radiatively important atmospheric constituents, such as carbon dioxide, ozone, methane, water vapor, and chlorofluorocarbons that may influence the greenhouse effect. These compounds absorb and re-radiate heat emitted by the earth, thereby enhancing the greenhouse effect that may result in global warming. NOAA also monitors fluctuations and long-term changes in solar-radiation in the ultraviolet, optical, and infrared spectra, since these effect both long-term climate and atmospheric chemistry. In addition to the automated measurements of the better known atmospheric constituents affecting climate change, measurements will be taken for a few additional trace gas species that may play a role.

- **The Radiatively Important Trace Species (RITS) program** supports research and monitoring to understand the processes that control the trends, sources, sinks, and behavior of species which occur in lower concentrations (such as nitrous oxide, methane, and chlorofluorocarbons) and to determine their climatic and chemical consequences. NOAA will continue its program to upgrade measurement programs for these compounds to better understand their global distribution, including sampling and field studies along ocean shipping lanes. Recognizing the importance of tropospheric ozone, NOAA will continue work to characterize the concentration and transport of ozone and ozone precursors in the troposphere, including work with other agencies and countries to establish a long-term monitoring network.

- **Climate modeling research** uses numerical models of air and ocean systems to assess the sensitivity of these systems to changes in solar radiation, atmospheric and oceanic conditions, and trace substances. Ultimately, this research will lead to better predictions of climate variations by improved reliability of coupled ocean-atmosphere models. Ongoing work focuses on: global balances of heat, salinity, and carbon dioxide; seasonal variations in oceanic heat transport; and the response of tropical oceans to fluctuating winds in relation to the El Nino current phenomenon. NOAA is continuing to develop, test, and evaluate a more sophisticated three-dimensional dynamical, chemical, and radiative model to better simulate the response of global atmospheric chemistry and climate to changes in atmospheric concentrations of radiatively important trace species.

VENTS - This element also includes funding for a program of research on seafloor processes called VENTS. This research is conducted to improve our understanding of the chemistry and thermal characteristics of the oceans, in particular the seafloor processes associated with hydrothermal vents found on the oceans' extensive volcanic ridges. VENTS seeks to identify vent systems, characterize the effluents, and develop an understanding of their life-history. There is evidence that these systems may have a significant effect on the present and paleo-thermal and chemical budgets of the overall oceans as well as on local circulation patterns.

National Undersea Research Program (NURP) - Also included is the portion of the funding for NURP that supports improving the understanding deep ocean processes as they pertain to the impact on climate-sensitive parameters of ocean chemistry and biological response to changing environmental conditions. Specific work has included research on the potential climatic impact of seepage of greenhouse gasses from the continental margin sediments; chemical, geological and biological effects that methane seepage from the Gulf of Mexico sediments may have on global environments; and history of coral reef development and decline using a unique submersible drill to obtain long cores in near-shore environments.

Health of the Atmosphere:

The activities in this element focus on increasing our understanding of atmospheric processes that influence decadal changes in regional air quality through monitoring and research, to develop an improved predictive capability, and to provide sound scientific advice to those charged with implementing the Clean Air Act of 1990. The objectives of this element are to establish a critical observational data base and a capability to analyze and predict changes in regional air quality due to natural and human causes, such as increasing air pollutants and natural vegetative emissions.

NOAA has a long record of studying acidic deposition, both in the U. S. and globally, where the former is documenting changes in acidity due to human activities and the latter addresses the natural background. Further, laboratory and field studies have characterized many of the key processes that form smog ozone and acids in the atmosphere. Models use these trend and process inputs to predict the air-quality consequences of various future scenarios of pollutant emissions. Choices of actions will be based on such predictions. Several of the recent discoveries are the products of NOAA research, such as recognizing the origin of elevated surface ozone levels in rural areas, where crop and forest damage is an emerging issue.

Trends in long-term air quality are influenced by natural processes and human-induced modifications of these natural processes. Human activities may cause direct pollutant emissions or the emissions from human activities could combine with natural emissions to produce harmful pollutants. The adverse effects of these human-induced changes are: an increase in the acidity of precipitation and in oxidant levels at the Earth's surface, which in some areas has already damaged vegetation, made some lakes too acidic to sustain life, and reduced crop and forest yields.

NOAA monitors important atmospheric constituents and studies processes linked to air quality and how human-influenced emissions are naturally removed from the atmosphere. NOAA's research programs focus on: (1) monitoring atmospheric gases (e.g. nitrogen oxides and hydrocarbons), which acidic precipitation and key natural sources of acidic and oxidizing gases (e.g., ozone); (2) studying aerosols that play important photochemical and chemically reactive roles; (3) determining the dynamics and transport of these chemical and aerosol species in the atmosphere and their transport across the air/sea-surface interface; and (4) evaluating their impact on the regional chemical balance.

The Clean Air Act Amendments of 1990 define NOAA's role in providing the atmospheric chemistry and transport research that supports the interagency National Acid Precipitation Assessment Program's (NAPAP) efforts. NOAA operates acid deposition research networks that provide the standard against which routine monitoring networks are compared in the assessment of the status of national efforts to reduce acidic deposition. NOAA is also charged with investigating the role of natural emissions and processes which are covered by the Clean Air Act.

This expanded research will form the keystone of the Government-wide activities that will be newly coordinated under the Air Quality Research Subcommittee of the Committee on the Environment and Natural Resources and for which NOAA has been turned to for leadership at several levels. This new science and technology function of the Office of Science and Technology Policy is a major component of the President's executive order, signed on 23 November 1993, to strengthen these functions within the Government.

Specific research activities include:

> **Acid Transport and Deposition research** focuses on understanding and modeling the chemical transformation, transport, and air-surface exchange of species linked to degraded air quality, such as atmospheric acids and surface ozone. NOAA aggressively pursues the role of natural emissions in the formation of surface ozone in rural areas, which, in high concentrations, can damage crops and forests. The formation, transformation, transport, and removal of atmospheric oxidants and acids and their precursors is investigated. Monitoring of wet and dry deposition and air quality at networks such as the National Trends and Global Trends Networks to establish trends continues to gain an understanding the causes for the observed trends. NOAA's air quality program continues to contribute to the reauthorized National Acid Precipitation Assessment Program (NAPAP) and the Clean Air Act Amendments of 1990 and can lead the way in providing the scientific expertise to aid regulators in meeting the set requirements and to enhance its contribution to the newly-continued NAPAP.
>
> **Early Detection and Rural Ozone** - The Clean Air Act Amendments (CAAA) of 1990 (P. L. 101-549) require public actions on regional air quality issues such as smog, acid deposition, and ozone-layer protection. The primary thrust of the law is to implement new standards on emissions, in two separate time steps. The first of these will begin in the 1995/96 time frame.

Insuring a Long-Term Climate Record:

The largest portion of this element supports the national network of 11,500 cooperative weather observers. These observers collect meteorological and river level data and report it to NOAA for use in establishing a comprehensive record of meteorological conditions across the U.S. This network forms the backbone of our climate record and our ability to detect its change, from regional-scale warming to variability in precipitation. Since long-term climate change, such as global warming, is expected to have significantly greater effects in different regions of the world, an accurate long-term record of these is critical for understanding and predicting the effect of long-term changes at the regional and sub-regional level. The remainder of the base program consists of portions of the data centers operations that support the long term climate record and the portion of the water level measurement system which is critical for monitoring sea level. Sea level rise from thermal expansion of the oceans or melting of ice sheets is a major potential impact of global warming.

National Undersea Research Program (NURP):

This element includes the portion of the funding for the National Undersea Research Program included in this element is used to develop and manage deep-sea research programs to support scientists and engineers for in-situ research. A major element provides resources and management for civilian access to deep sea submergence assets including manned submersibles and remotely operated vehicles (ROVs) with depth capabilities to 6000 meters. These include the DSV ALVIN (via an agreement between NOAA, NSF, and ONR); Navy assets such as the NR-1, SEA CLIFF and TURTLE; and Japan's SHINKAI submersibles. This program also includes some limited mandated activities in diving safety and performance under section 21(a) of the Outer Continental Shelf Lands Act of 1978.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate	
Percent of commercially viable CFC substitutes analyzed for ozone depletion and global warming potential	...	...	...	
Satisfactory input to IPCC as measured by independent review panels (yearly) 1/	1	1	1	
Implement the western Atlantic circulation monitoring program	...	...	...	...
Complete the Indian Ocean survey of the World Ocean Circulation Experiment	...	...	...	
Percent completion of initial state of science assessment of possible aircraft emissions on global warming	...	...	...	
Percent completion of initial state of science on rural ozone reactions	...	...	...	
Number of Early Detection of Air Quality stations operational (total)	...	...	...	

1/ In preparation for the Intergovernmental Panel on Climate Change (IPCC) meetings in 1995 and 1998, NOAA will provide U.S. policymakers a substantially improved understanding of the relationship between greenhouse gasses, such as carbon dioxide, and long-term climate change. A solid scientific basis for the U.S. position in IPCC meetings will be central for the Climate Convention deliberations on controlling greenhouse emissions. The economic implications of these deliberations are huge. The estimate of the global cost for stabilizing greenhouse gas emissions range from $3-5 trillion annually.

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Predict & Assess Decadal-to-Centennial Change	444	$95,003	432	$ 94,136	-12	($867)

The net change for Predict and Assess Decadal-to-Centennial Changes is -12 FTE and -$867,000. Program increases totalling 5 FTE and $10,246,000 are proposed to support the Climate and Global Change and Health of the Atmosphere Programs. Program decreases of -8 FTE and -$10,598,000 are proposed for the Climate and Global Change and National Undersea Research Programs. Changes for FTE and Administrative reductions equal -9 FTE and -$515,000.

NOAA has demonstrated the ability to deliver key information to policy makers on environmental issues involving decadal changes. Through its research cadre, it has been at the forefront of science addressing prediction of global changes such as climate and ozone depletion. NOAA has a widely acknowledged track record in communicating the implications of these key results to policy makers in an understandable form and been a major player for scientific assessments and a leader in national coordination on global change issues. The proposed increase significantly enhances those research and communication strengths.

Building upon this research and assessment track record in understanding global and regional agents of change noted above, NOAA is proposing to augment their efforts in several areas to address the societal questions that the U.S. and the world face in air quality, ozone depletion, greenhouse warming, and climate change on time scales of decades to centuries.

Climate and Global Change: (0 FTE, -$944,000)

The change in the Climate and Global Change element includes four parts, increases in the U.S. Global Change Research Program and the long-term climate & air quality research, and decreases in the VENTS and undersea research programs.

An increase of $6,300,000 is included in the FY 1995 planning ceiling associated with the U.S. Global Change Research Program (USGCRP) as part of the FY 1994 President's Investment package. The research supported by this increase will accelerate the understanding of these long term climate and global change processes. The research is focused in three areas, forcing agents, climate related processes, and predictions and assessments.

Forcing Agents - The possibilities for abrupt and substantial climate changes, perhaps triggered by the small, initial onset of human-influenced change, is a new factor in the climate debate. Its clarification is urgently needed. The U. S. has only recently committed to stabilizing its emission of greenhouse gases. Relative roles of these gases are needed to help set the initial path for achieving this commitment. Early information about new greenhouse gases, in contrast to later information, about their climate role will assist industry in avoiding the costs of reversing previously made decisions. Chlorofluorocarbons are due to be phased out within a few years. Governments and industry need scientific advice soon as to which substitutes can be safely used in their place. Newly recognized ozone depletors, such as methyl bromide, must be better understood if the near-term decisions regarding ozone-layer protection and economic health are to be made from a sound scientific base.

With increased funding NOAA will:

- Provide the scientific basis for policy choices associated with CFC and halon substitutes, as well as other ozone depleting gases. Laboratory studies will characterize the ozone-depleting reactions, field investigations will understand the ozone losses over midlatitudes, and monitoring will reveal the trends of the substitutes.

- Predict the global-warming properties and monitor the trends of the greenhouse gases, with an emphasis on newly discovered species (such as the perfluorocarbons), the emissions of the commercial aircraft fleet, and water vapor. Field measurements will improve the understanding of the processes that remove these species from the atmosphere, radiative models will characterize their greenhouse forcing, and their trends will be defined at global baseline observatories.

Climate Related Processes - Fundamental problems still remain with respect to determining the trends of basic quantities such as precipitation, atmospheric moisture, and even temperature. Detection of greenhouse warming becomes difficult against the background of changes in our observational systems. In addition, the critical role of the ocean in decadal climate needs to be quantified.

With increased funding, NOAA will:

- Expand ocean atmosphere field studies in the North Atlantic. Historical data studies suggest that this is a critical region for ocean interaction with global climate. A combined circulation and air-sea exchange study is in the planning stages, and is a strong candidate for interagency support.

- Enhance studies of ocean uptake of carbon dioxide. Repeated sections of carbon system parameters and tracers will lead toward a better quantification of the oceanic uptake of carbon dioxide.

Predictions and Assessments - The end step of providing science-based advice to the spectrum of decisionmakers -- governments, industry, and the general public -- is communication in the terms needed by the user. NOAA will expand upon its experience in communicating scientific information in several key areas.

With increased funding NOAA:

- Contribute to the Intergovernmental Panel on Climate Change (IPCC) state of understanding assessments. These reviews are the vehicles for getting input into policy decisions. NOAA data and staff have played major roles in all past assessments. The proposed research will assure that enhanced process understanding will be incorporated into enhanced general circulation models and that the results of these models are translated into policy relevant terms.

Long-Term Climate & Air Quality Research - NOAA requests an increase of $1,446,000 to maintain and enhance critical components of ongoing research and monitoring programs. The increased funds will:

- Maintain NOAA's global greenhouse gas measurements program and its four global baseline observatories, particularly NOAA's flagship station at Mauna Loa, HI, and its station at Point Barrow, AK. NOAA plays a pivotal international role by providing measurements at key global locations of such atmospheric species as carbon dioxide, methane, ozone, and chlorofluorocarbons. These measurements are necessary both nationally (i.e. in developing US positions) and internationally (i.e., in the IPCC scientific assessments) for assessing the likelihood of global warming.

- Enable the United States to implement its commitment to the new international monitoring network for the Network for the Detection of Stratospheric Change (NDSC). NOAA is establishing a new observatory co-located with its current greenhouse gas baseline station at Mauna Loa, HI and will initiate a monitoring program in 1995.

- Enable NOAA's Geophysical Fluid Dynamics Laboratory in Princeton, NJ, to maintain its current climate modeling program, particularly its work on the highest priority areas for the IPCC assessments.

- Support the increased costs of conducting ocean climate research and monitoring by NOAA's Environmental Research Laboratories located in Seattle, WA, and Miami, FL. The logistical and instrumentation costs of conducting research aboard ships is continuing to increase. Additional funding is needed to be able to continue to adequately monitor oceanic uptake of carbon dioxide and heat and conduct the initial research needed to define a global ocean monitoring system.

VENTS - A decrease of $2,496,000 is requested in the VENTS program. The goals of the VENTS program are similar to those of the National Science Foundation's RIDGE Program, which is part of the U.S. Global Change Research Program (USGCRP). In order to improve the linkage with USGCRP, RIDGE and the university community, the VENTS program will compete for funding from NOAA's Climate and Global Change Program.

National Undersea Research Program (NURP) - A decrease of $6,194,000 is requested to terminate the National Undersea Research Program included in this element. Given limited funding available, this is considered a lower priority program within NOAA.

Health of the Atmosphere: (+5 FTE, +$2,500,000) An increase of 5 FTE and $2,500,000 is requested to address NOAA's responsibilities in the cost effective implementation of the Clean Air Act Amendments of 1990 (CAAA).

The role of rural ozone was not recognized in the preparation of the CAAA. Hence, an improved implementation of the Act requires new research as guidance for its implementation. The early detection of cleaner air as a result of the Phase II reductions under the Clean Air Act requires that a monitoring network be in place prior to the onset of emission reductions. Understanding lower-atmospheric chemical process are the key to developing environmentally acceptable replacements for the ozone-layer depleting chemicals now banned by legislation.

The increased funding will allow NOAA to aggressively implement several research efforts in 1995 to start the most time-critical tasks whose results are critically needed to provide the scientific basis for near-term CAAA policy decisions.

EARLY DETECTION: Establishing three monitoring sites in the Eastern U. S. that will provide the critical early start on a baseline record that provide the earliest detection of air quality improvements resulting from the Phase 1 emission reductions. The locations will span the types of chemical changes that are likely to occur (transportation vis-a-vis energy production). These trend data will aid in making the more-costly Phase 2 reductions (year 2000) more effective and less expensive and will provide the public evidence that the added expenses are indeed improving the environment.

RURAL OZONE: Conduct field observations in rural areas of Tennessee and Kentucky to examine how much of the crop-damaging surface-level ozone there arises because of natural vegetative emission, which will allow better State-wide emission controls to be formulated. Begin field measurements that will provide an improved inventory of which States and regions are dominated by vegetative emissions as opposed to industrial emissions. This information will reveal the areas for which over-regulation can be avoided.

NOAA will emphasize the following research:

- Develop measurement techniques to measure natural ozone-forming chemicals. New instruments are required to measure some of the ozone precursors (e.g., vegetative hydrocarbons). Rigorous intercomparison of techniques will be a key feature of detecting reliability.

- Characterize both the human-influenced and natural emissions and processes that form ozone in rural areas. Field campaigns particularly in the Southeastern U.S., will establish where natural emissions of ozone precursors dominate over human-caused emissions and prediction of which emission reductions are the most effective on a state-by-state basis.

- Conduct laboratory studies of ozone-forming processes. Emphasis will be on the role of natural hydrocarbon emissions.

- Develop diagnostic model capabilities for predicting occurrences of rural ozone episodes. The above laboratory and field measurement understanding will be incorporated into numerical models of the chemistry and meteorology of rural ozone formation. Simulations will be used to identify which areas are dominated by natural emissions and hence require changes of approach in the abatement of high ozone levels in rural areas.

- Begin implantation of an air concentration monitoring network that will provide the early detection of the air quality improvement result from Phase I emissions reductions of the CAAA. Measurements of the ratios of chemicals in the atmosphere and trajectory and model studies will be used to observe and understand the changes in gases slated for reductions, thereby improving predictions of how the future emission reductions should be done.

National Undersea Research Program (NURP) (-8 FTE; $-1,908,000) a decreased of $1,908,000 is requested for the portion of NURP program pertaining its diver safety training program and support of the deep water submersibles. These efforts are considered to be of lower priority within NOAA.

Benefits to the Nation

The benefits from the research of the programs are many, but the following examples are illustrative of the savings to the Nation that can be realized:

Climate and Global Change

- NOAA will provide U.S. policymakers a substantially improved understanding of the relationship between greenhouse gasses, such as carbon dioxide, and long-term climate change. A solid scientific basis for the U.S. position in IPCC meetings will be central for the Climate Convention deliberations on controlling greenhouse emissions. The economic implications of these deliberations are huge. The estimate of the global cost for stabilizing greenhouse gas emissions range from $3-5 trillion annually.

  NOAA will develop improved climate models for the IPCC meeting using higher resolution, incorporation of land processes, and more realistic incorporation of the role of the ocean. A more complete description of the projected NOAA contributions, with timeliness, are included in the publication "NOAA Contributions to the IPCC Assessments."

- Updates on decadal climate, trace-gas and aerosol data supplied to the United Nations scientific assessments (e.g., the Intergovernmental Panel on Climate Change - IPCC) that will guide the Montreal Protocol on ozone and the Climate Convention (or its Protocol) on greenhouse warming. These documents and their policy-relevant information will occupy center stage as key input to the highly visible decisions by governments and industry of those years. Climate process and modeling studies will provide our best estimates of the climate consequences of greenhouse gas emissions. The trace-gas data will be input to priorities of which greenhouse gases deserve the most focus.

- Indecisiveness about the response of the climate system to anthropogenic increases of greenhouse gases and other man-made effects reduced or eliminated.

- Enhanced government and private partnerships. The integration and synthesis of past, present, and future data from various government agencies (both state and federal) using observation systems developed by the private sector will enhance our nation's ability to assess past and ongoing climate events of great economic and environmental importance.

- Improved characterization of water-vapor feedbacks in climate models. The initial policy decisions regarding a "Greenhouse Gas Protocol" that is a likely follow-on to the 1992 Climate Convention will have to be based on the confidence in climate model predictions, since unequivocal observations of a greenhouse warming are not likely by that time.

- Widely disseminated global change information: A dramatically improved reporting and understanding of global change issues will yield more public appreciation of and involvement with environmental policy choices and hence strengthen the support of the Administration's potential decisions for actions.

- Clearer picture of past climate regimes and changes. Matching past climate conditions to impacts such as sea level and vegetation changes will graphically aid the appreciation of what predicted climate changes of the future could mean to economies and social systems.

- Quantification of the links between pollution aerosols and surface cooling. This improved information will help reveal the extent to which current Northern Hemisphere pollution could be offsetting a surface warming arising from greenhouse gases. More importantly, since the industrialized countries are committed to reducing pollution, this quantification of the aerosol/climate link could reveal whether the reduction of the masking of greenhouse warming implies that the predicted warming could arrive sooner and rather rapidly in the relatively near future.

- Quantification of the ocean's ability to store carbon dioxide. This sharper picture will directly help policy choices regarding costly carbon dioxide emissions. Knowing how much of the emitted human-produced carbon dioxide remains in the atmosphere (i.e., not absorbed by oceans and vegetation) will remove one of the major uncertainties in projecting what global warming could result from a given scenario of emission controls.

- Past decisions on CFC substitutes have already begun to affect the design of refrigerant systems, industrial solvents, firefighting equipment and a range of other uses. At a cost of $25 million per manufacturing plant and considerably more to retrofit systems designed to use the substitutes, the lack of accurate information on the ozone depleting properties of CFC substitutes will be extremely costly.

Health of the Atmosphere

- Understanding the effectiveness of Phase I controls will allow for a more cost effective implementation of Phase II. The cost of Phase II emission controls is expected to be substantially over $10 billion per year. Relatively small percentage savings in the annual cost will substantially benefit the economy by avoiding the diversion of resources to less effective pollution controls.
- Scientific assessment for the Congress of (i) the causes of rural ozone and predictions of options for implementing the Clean Air Act Amendments in such a way to help reduce both urban and rural ozone and (ii) improved predictions of the most effective way to perform the Phase II reductions scheduled around the year 2000. The payoffs are substantial: The Office of Technology Assessment states that reductions of 25% in rural ozone levels could boost U. S. crop yield by up to $1 billion per year. The EPA estimates that the Phase-II reductions will cost over $10 billion per year to implement, clearly implying that improved knowledge could result in significant cost savings.
- Defensible characterization of the environmental issues to be addressed in the President's Clean Car Initiative. If the abatement of rural ozone is deemed to require reduction in nitrogen oxide emissions (in contrast to the current hydrocarbon reductions), an early heads up on this requirement can aid the early development of automobiles with lower nitrogen oxide emissions, thereby increasing the competitiveness of the U. S. automobile industry.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
Percent of commercially viable CFC substitutes analyzed for ozone depletion and global warming potential 1/	25%	50%	75%	100%	100%
Satisfactory input to IPCC as measured by independent review panels (yearly)2a/	1	1	1	1	1
Implement the western Atlantic circulation monitoring program 2b/	...	...	1	...	...
Complete the Indian Ocean survey of the World Ocean Circulation Experiment 2c/	...	1	...	...	...
Percent completion of initial state of science assessment of possible aircraft emissions on global warming 3/	...	...	...	100%	100%
Percent completion of initial state of science on rural ozone reactions 4/	...	...	...	100%	100%
Number of Early Detection of Air Quality stations operational (total) 5/	...	1	2	4	4

1/ NOAA will complete an analysis of the major CFC substitutes required by the U.N. Montreal Protocol by 1996/7. Results of research from this initiative must be delivered in time to affect these negotiations.

2/ In preparation for the Intergovernmental Panel on Climate Change (IPCC) meetings in 1995 and 1998, NOAA will provide U.S. policymakers a substantially improved understanding of the relationship between greenhouse gasses, such as carbon dioxide, and long-term climate change.

3/ NOAA will help assess the state of science on the understanding of whether commercial aircraft emissions may have a major influence on greenhouse characteristics of the atmosphere. Although the total amount of emissions may be small, their presence at high altitudes may make them an efficient greenhouse gas. The economic implications of such a finding would be significant

4/ NOAA will provide policymakers with a comprehensive state of science assessment of the understanding of the causes of rural ozone which will be the scientific basis of future decisions emissions controls.

5/ NOAA will provide extremely accurate compound-specific early detection of changes in air quality that result from the Phase I reductions under the Clean Air Act which will permit assessment of the effectiveness of the control measures that are being imposed.

Exhibit 14

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
PREDICT AND ASSESS DECADAL-TO-CENTENNIAL CHANGE
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Initiative: **Predict and Assess Decadal-to-Centennial Change**
Element:

Title:		Grade	Number	Annual Salary	Total Salaries
Atmospheric Chemist		GS-14	1	59,022	$59,022
Physical Scientist		GS-13	2	49,947	$99,894
Research Chemist		GS-12	2	$42,003	$84,006
Research Chemist		GS-11	1	$35,045	$35,045
			6		277,967
Less Lapse	25%		(1)		(69,492)
Total Full-Time Permanent			5		208,476
1995 Pay Adjustment (1.6%)					3,336
					211,812

Personnel Data	Number
Full-Time Equivalent Employment	
Full-time permanent	5
Other than full-time permanent	0
Total	5
Authorized Positions :	
Full-time permanent	6
Other than full-time permanent	0
Total	6

Exhibit 14

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
PREDICT AND ASSESS DECADAL-TO-CENTENNIAL CHANGE
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Initiative: **Predict and Assess Decadal-to-Centennial Change**
Element:

Title:		Grade	Number	Annual Salary	Total Salaries
Director Undersea Research		GS-15	(1)	69,427	($69,427)
Engineer Manager		GS-14	(1)	$59,022	($59,022)
Physic Scient		GS-14	(2)	$59,022	($118,044)
Computer Systems Analyst		GS-9	(11)	28,964	($318,604)
Secretary		GS-7	(3)	23,678	($71,034)
			(18)		(636,131)
Less Lapse	5%		1		31,807
Total Full-Time Permanent			(17)		(604,323)
1995 Pay Adjustment (1.6%)					(9,669)
					(613,992)

Personnel Data

Full-Time Equivalent Employment	
Full-time permanent	5
Other than full-time permanent	0
Total	5
Authorized Positions :	
Full-time permanent	6
Other than full-time permanent	0
Total	6

Exhibit 15

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Initiative: **Predict and Assess Decadal- to-Centennial Change**
Program Change: **Predict and Assess Decadal- to-Centennial Change**

	Object Class	1995 Increase
11	Personnel compensation	
11.1	Full-time permanent	212
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	212
12.1	Civilian personnel benefits	60
13	Benefits for former personnel	
21	Travel and transportation of persons	339
22	Transportation of things	176
23.1	Rental payments to GSA	107
23.2	Rental payments to others	105
23.3	Commun., util., misc. charges	197
24	Printing and reproduction	126
25.1	Consulting services	
25.2	Other services	5,147
26	Supplies and materials	
31	Equipment	1,572
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	2,205
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	10,246

Exhibit 15

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Initiative: **Predict and Assess Decadal-to-Centennial Change**
Program Change: **Predict and Assess Decadal-to-Centennial Change**

	Object Class	1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	(614)
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	(614)
12.1	Civilian personnel benefits	(137)
13	Benefits for former personnel	
21	Travel and transportation of persons	(108)
22	Transportation of things	(23)
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	(52)
24	Printing and reproduction	(6)
25.1	Consulting services	(1)
25.2	Other services	(1,887)
26	Supplies and materials	(116)
31	Equipment	(85)
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	(8,084)
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	(11,113)

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Environmental Information											
Networking Connectivity	Pos./BA	5	526	0	550	0	582	0	8,326	0	7,744
	FTE/Obl.	5	526	0	550	0		0		0	
Advanced Computational System	Pos./BA	4	401	0	450	0	474	0	6,670	0	6,196
	FTE/Obl.	4	401	0	450	0		0		0	
Human Resources/Education	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Data Dissemination Pilots & Tools	Pos./BA	0	0	0	0	0	0	0	502	0	502
	FTE/Obl.	0	0	0	0	0		0		0	
DOC-Wide Environmental Information Dissemination	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Government-Wide Environmental Information Dissemination	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	0	0	0	0		0		0	
Subtotal, Environmental Information	Pos./BA	9	927	0	1,000	0	1,056	0	15,498	0	14,442
	FTE/Obl.	9	927	0	1,000	0		0		0	

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Cross-Cutting Initiatives
Environmental Information

Vision Statement

NOAA's Grand Challenge research in climate prediction and weather forecasting depends on advances in high-end computing and on the collection and dissemination of environmental information. Increased computing power will enable more accurate representation of the atmosphere-ocean system, resulting in improved weather forecasts and making possible better decision making by Government and industry on issues that affect both the environment and the economy. Increased use of the Internet and follow-on networks of the National Information Infrastructure will enable NOAA to disseminate its vast holdings of real-time and historical information to all users more completely, in a more usable form, and in a much more timely manner.

Proposed Legislation

No Legislation is proposed for this Initiative.

Base Program for FY 1995

The goals of NOAA's base program in Environmental Information are to make possible major improvement in the Nation's ability to forecast the weather and predict climate change and to disseminate environmental information, while, at the same time, stimulating gains in U.S. industrial competitiveness through the use of evolving high performance computing and high speed networking technologies. Through this program, NOAA participates as a "mission" agency in the Federal High Performance Computing and Communications Initiative. NOAA has a need for high performance computing and high speed networking to perform its mission, and, through participation in this initiative, NOAA contributes to the overall goals of the Federal Initiative. Improvements in the accuracy and timeliness of NOAA's short-term weather warnings, seasonal forecasts, and regional and global climate predictions are heavily dependent on major advances in high-end computing power and the widespread availability of environmental data and information.

In support of these base program goals, in FY 1995 NOAA will establish an operational NOAA Internet Network Information Center to support the use of high speed networking by NOAA through the Internet. NOAA will also assure that at least basic NOAA Internet connectivity is in place to begin remote high performance computing use and pilot enhanced information dissemination. Initial parallelized versions of a few of NOAA's weather forecasting and global change models will be developed, and training for NOAA staff will begin on the use of highly parallel computing techniques.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Number of major models adapted to run on highly parallel systems		1	1
Increase in number of NOAA computing and data archiving facilities connected to the Internet at medium bandwidth		10	15
Number of NOAA centers of data connected to the Internet/NREN at high bandwidth		1	1
Increase in completeness (as represented by volume) of NOAA information disseminated through the Internet/NREN (percent increase over FY 1993)		25	35
Increase in timeliness (as represented by number of queries) of NOAA information disseminated through the Internet/NREN (percent increase over FY 1993)		60	75

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Environmental Information	0	$1,056	0	$15,498	0	+$14,452

In both the networking connectivity and advanced computation areas, NOAA's proposed increased activity in the Federal High Performance Computing and Communications (HPCC) Program, through this Environmental Information Initiative, epitomizes the fundamental Federal role in HPCC -- to exploit advances in high performance computing and high speed networking by applying them first in a research mode to support the agency mission, with the intent of applying them operationally after success has been demonstrated. This key role for a Federal mission agency like NOAA is critical as a bridge from the advanced research supported by NSF and other computer science research agencies, to widespread deployment and support to U.S. industry.

Networking Connectivity: (0 FTE; +$7,750,000) NOAA will take advantage of major advances in high speed networking resulting from research conducted under the Federal HPCC Program to greatly increase its ability to disseminate NOAA real-time and historical environmental data and information to a broad range of users in the U.S. business community government at all levels, research, education, and the general public.

NOAA's National Data Centers and Centers of Data will be connected to users through the Internet, which is a critical step in improving the dissemination of NOAA information to users from these Centers. Part of this connectivity will be at high data rates through high bandwidth connections to the Internet, which will make possible more complete and timely environmental information dissemination.

Advanced Computation: (0 FTE; +$6,200,000) NOAA will prepare to take full advantage of highly parallel, high performance computing systems, which, over the long term, are expected to provide substantially greater computing power at lower cost.

The acquisition of the advanced computing capability necessary to develop highly parallel, scalable algorithms and models for global change and weather forecasting will begin in FY 1995 with the acquisition of a high performance computing system at the NOAA Geophysical Fluid Dynamics Laboratory. The new system will upgrade the computing capacity at GFDL, which is approaching complete saturation. NOAA's use of this system to develop new, parallelized models will substantially improve support for weather forecasting and the accuracy and dependability of global change modeling.

As a result, NOAA will be able to maintain its leadership in the two key HPCC Grand Challenge areas of climate prediction and weather forecasting. In doing so, NOAA will make its full contribution to the computation-related goals of the Federal HPCC Program.

Data Dissemination Pilot: (0 FTE; +$502,000) NOAA will develop a data dissemination pilot that provides improved access to geographically distributed environmental data by the private sector, academic researchers, educators, and the general public.

The use of advanced data access tools on the Internet will make selected heterogeneous NOAA environmental data more accessible. These data are distributed geographically at NOAA data centers across the country. The pilot will be scalable as part of the emerging National Information Infrastructure and will build on improved NOAA network connectivity that is also part of this initiative.

Benefits to the Nation

Increased Scientific Productivity of NOAA Research -- Improvements in NOAA's computing and communications capabilities through this initiative will enable NOAA scientists to achieve new scientific breakthroughs in key areas of national concern. These areas include prediction of global climate change due to greenhouse gas warming, prediction of hurricane track and storm intensity, forecasts of weather for time periods from hours to weeks, forecasts of interannual climate variability, and assessment of the rate of ozone depletion.

Increased Competitiveness of U.S. Industry -- This initiative will promote the development of technologies that will lead to increased competitiveness of U.S. industry. U.S. industry currently leads the would in computing, and communications hardware and software, but it is being strongly challenged by other nations. NOAA's need for these technologies, coupled with the Commerce's leadership in standards and technology development, as well as the Administration's intent to target the information technology industry for a U.S. leadership role, will combine to foster this leadership and capture of a significant share of the world market in information technologies.

Accelerated Development of the New National Information Infrastructure (NII) -- This initiative will help to assure rapid development of the information superhighway in support of scientific and educational applications. The Administration has placed high priority on implementing information highways, and is declaring that environmental information is one of the key National Challenge applications for them. NOAA, working with its sister Federal environmental agencies, can provide on and off ramps to make large quantities of environmental data and information accessible through the NII.

Increased Productivity and Improved Decision Making -- Business, Government, researchers, and the public will all experience increased productivity, and there will be improved decision making at all levels. Education for all Americans will be improved, and business opportunities enhanced, using environmental data as an "enabler" for entrepreneurs.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
Number of major models adapted to run on highly parallel systems	3	3	3	3	3
Increase in number of NOAA computing and data archiving facilities connected to the Internet at medium bandwidth	30	20	10	10	10
Number of NOAA centers of data connected to the Internet/NREN at high bandwidth	5	10	14	18	22
Increase in completeness (as represented by volume) of NOAA information disseminated through the Internet/NREN (percent increase over FY 1993)	80	130	160	180	200
Increase in timeliness (as represented by number of queries) of NOAA information disseminated through the Internet/NREN (percent increase over FY 1993)	130	180	230	270	310

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE DETAIL BY OBJECT CLASS, BY INITIATIVE
(Dollar amounts in thousands)

Subelement: **Environmental Information**

	Object Class	1995 Increase
11	Personnel compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	
25.1	Consulting services	
25.2	Other services	
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	
31	Equipment	14,452
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	14,452

Exhibit 10

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by element/subelement, with subtotals by element:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Office of Administration	Pos./BA	129	71,029	1,333	70,706	1,345	72,450	1,323	72,356	(22)	(94)
	FTE/Obl.	122	70,260	1,283	70,706	1,295		1,274		(21)	

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Office of Administration

Vision Statement

Support NOAA programs and missions through executive direction for the implementation of the policies of the President; develop and acquire major support systems; and provide administrative, budget, legal, and public relations services.

Proposed Legislation

No legislation is proposed.

Base Program FY 1995

The objectives of this activity are to provide centralized executive management and decisions concerning NOAA policy and planning objectives; individual program operations; budget priorities; statutory and other legal requirements; congressional relations; and public affairs. To provide timely, high quality cost effective administrative support to all of NOAA and to the Department of Commerce programs in the field, while ensuring all laws, regulations and guidelines are followed.

Executive Direction: The Objectives of this element are to provide centralized executive management and decisions concerning NOAA policy and planning objectives; development and acquisition of major NOAA modernization systems; individual program operations; budget priorities; statutory and other legal requirements; congressional relations; and public and educational affairs.

This line item provides funding for the Under Secretary and NOAA-level staff offices within the Office of the Administrator which provide executive direction and support for the operational programs. Located in the Department of Commerce headquarters in Washington, D.C., those offices include:

Under Secretary and Administrator
Assistant Secretary and Deputy Administrator
Deputy Under Secretary
Chief Scientist

General Counsel
Naval Deputy
Comptroller
Office of External Affairs
Systems Program Office
Administration

Central Administrative Support: To provide timely, high quality, cost-effective administrative support to all of NOAA and to the Department of Commerce programs in the field, while ensuring all laws, regulations and guidelines are followed.

This line item includes funding for NOAA's overall management of personnel, procurement, payments, facilities, administrative services, and administrative ADP systems and funding for NOAA's share of the operation of the four field Administrative Support Centers (ASCs) and the headquarters administrative support operations. NOAA's Office of Administration structure is:

Office of Administration located in Washington, D.C.

Headquarters Offices -
    Personnel and Civil Rights located in Silver Spring, Maryland
    Procurement, Grants and Administrative Services located in Silver Spring, Maryland
    Information Systems and Finance located in Rockville, Maryland
Field Offices -
    Eastern Administrative Support Center located at Norfolk, Virginia
    Central Administrative Support Center located at Kansas City, Missouri
    Mountain Administrative Support Center located at Boulder, Colorado
    Western Administrative Support Center located at Seattle, Washington
    (Each field office includes the services listed in the following section)

Below is a summary of the services provided to NOAA and all DOC field organizations:

- Personnel - includes all personnel functions, including classification and hiring, maintenance of personnel files, position review, labor management relations, employee counseling, and separation and retirement processing.

- Procurement - includes processing of all contracts and purchase orders and performing all other associated procurement functions. Grants and cooperative agreements are handled for all of NOAA and, in the field, for the National Institute of Science and Technology.

- Facilities and Logistics - includes management of real property and space utilization, security services, personal property, transportation of goods, telecommunications and printing.

- Administrative Payments - includes processing of administrative payments for travel, small purchasing, imprest fund and transportation requests through the Department-wide administrative payments system; processing of administrative payments for contracts, grants, leases, utility services, blanket purchase orders, Bankcard and others for NOAA only using the NOAA payments system.

- ADP Systems Support - includes, for NOAA only, the bureau-level Information Resource Management planning and maintenance of NOAA administrative systems including the NOAA accounting system and the interactive financial information system.

- Site Specific Services - several ASCs provide unique services to their clients including a research library, warehousing, guard and custodial services and health units.

The administrative functions funded in this line item are critical to each program in NOAA and the programs conducted by other Department of Commerce offices in the field. In addition to providing timely, quality administrative support, the Office of Administration also has the responsibility to ensure that their actions comply with all laws, regulations and guidelines. The organization is under continual pressure from the client organizations to continue to improve services and hold costs down, while being pressed for tighter controls on the processes. Approximately 20% of the ASC's work is service to non-NOAA clients. An annual billing process provides the mechanism to distribute the costs of these operations.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
Employees serviced	14,760	14,550	14,500	14,300	14,200
Contracts and Procurement actions processed	25,000	25,000	25,000	25,000	25,000
Grant actions processed	820	840	860	880	900
Administrative payments made	858,783	858,783	858,783	858,783	858,783
Volume of forms electronically entered and processed	2,000	3,000	4,000	5,000	6,000

These are measures of workload representing approximately two-thirds of the work done in the Office of Administration.

Retired Pay for Commissioned Officers: To provide payment of benefits to retired NOAA commissioned officers and their families.

The military retirement system provides a measure of financial security after release from active duty for service members and their survivors. It is an important factor in the choice of a career in the Uniformed Services and the legal mandate for rates to be paid is the same for all Uniformed Services, 10 USC.

The current system permits 1) a non-disability retirement for 20 years or more of active duty, and 2) a disability retirement for active duty members who are determined to be unfit to perform the duties of their office or grade because of a physical disability. Legal authority for retirement of NOAA Corps officers is contained in 33 USC 8531. Retired commissioned officers of the NOAA Corps receive retirement benefits from the Commissioned Personnel Center within the Office of NOAA Corps Operations, which is under the Office of the Administrator.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
Number of Retirees Serviced	199	180	170	150	150
Number of Survivors Serviced	50	50	50	50	50
Total	249	230	220	200	200

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Office of Administration	1,295	$72,450	1.274	$72,356	-21	-$94

The net change proposed for the Office of Administration is -21 FTE and -$94,000. Program increases totaling O FTE and $1,452,000 are proposed to provide timely, high quality, cost-effective administrative support to all of NOAA and to the Department of Commerce programs in the field. The decrease of -21 FTE and -$1,542,000 are associated with the FTE and Administrative reductions.

Executive Direction: (0 FTE, $208,000)

NOAA request $208,000 to provide centralized executive management for legal requirements, congressional relations, public and educational affairs, and for the acquisition of major NOAA modernization systems.

Central Administration: (0 FTE, $1,244,000)

NOAA request $1,244,000 to provide Administrative Support to all of NOAA and for the overall management of personnel, payments, facilities, administrative service, administrative ADF systems, and funding for the operation of the four field Administrative Support Centers.

Retired Pay Commissioned Officers: No funds are requested for this element.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Employees serviced	14,763	14,763	14,760
Contracts and procurement actions procurement	30,300	30,300	25,000
Grant actions processed	1,500	1,500	820
Administrative payments made	683,000	683,000	858,783
Volume of forms electronically entered and processed	2,000	2,000	2,000

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Element:	Office of Administration
Program Change:	Office of Administration

Title:		Grade	Number	Annual Salary 1/	Total Salaries
Program Analyst		13	(2)	$49,947	($99,894)
Program Analyst		12	(5)	42,003	(210,015)
Program Analyst		9	(12)	28,647	(343,764)
Admin Spec		7	(3)	23,678	(71,034)
Total			(22)		(724,707)
Less Lapse	5.00%		1		36,235
Total Full-Time Permanent			(21)		(688,472)
1995 Pay Adjustment (1.6%)					(11,016)
Total					(699,488)

Personnel Data

	Number
Full-Time Equivalent Employment	
Full-time permanent	(21)
Other than full-time permanent	0
Total	(21)
Authorized Positions :	
Full-time permanent	(22)
Other than full-time permanent	0
Total	(22)

1/Annual salary based on locality of position.

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM INCREASE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: **Office of Administration**
Program Change: **Office of Administration**

	Object Class	1995 Program Increase
11	Personnel compensation	
11.1	Full-time permanent	940
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	940
12.1	Civilian personnel benefits	224
13	Benefits for former personnel	
21	Travel and transportation of persons	2
22	Transportation of things	
23.1	Rental payments to GSA	26
23.2	Rental payments to others	3
23.3	Commun., util., misc. charges	80
24	Printing and reproduction	4
25.1	Consulting services	
25.2	Other services	151
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	5
31	Equipment	10
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	7
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	1,452

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PROGRAM INCREASE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Element: **Office of Administration**
Program Change: **Office of Administration**

	Object Class	1995 Program Increase
11	Personnel compensation	
11.1	Full-time permanent	(699)
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	(699)
12.1	Civilian personnel benefits	(155)
13	Benefits for former personnel	
21	Travel and transportation of persons	(23)
22	Transportation of things	(39)
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	(51)
24	Printing and reproduction	(18)
25.1	Consulting services	(2)
25.2	Other services	(480)
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	(79)
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	(1,546)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Operation, Research, and Facilities
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
11	Personnel compensation					
11.1	Full-time permanent	496,116	565,083	587,049	595,303	8,254
11.3	Other than full-time permanent	19,987	17,921	18,383	18,383	0
11.5	Other personnel compensation	29,259	26,502	27,246	27,246	0
11.8	Special personnel services payments	418	0	0	0	0
11.9	Total personnel compensation	545,780	609,506	632,678	640,932	8,254
12.1	Civilian personnel benefits	110,566	134,428	144,112	145,840	1,728
13	Benefits for former personnel	12,151	7,873	7,873	8,200	327
21	Travel and transportation of persons	22,454	19,153	20,627	22,818	2,191
22	Transportation of things	9,068	10,772	10,773	14,087	3,314
23.1	Rental payments to GSA	46,799	55,369	55,950	56,838	888
23.2	Rental payments to others	5,081	9,372	9,857	9,161	(696)
23.3	Commun., util., misc. charges	36,887	26,148	24,166	29,217	5,051
24	Printing and reproduction	6,998	5,542	5,868	6,243	375
25.1	Consulting services	4,585	5,999	7,075	10,619	3,544
25.2	Other services	471,737	674,549	615,540	702,611	87,071
25.3	Purchase of goods and services from Gov't accounts	3,487	4,547	4,547	4,547	0
25.4	Operation of GOCOs	4,040	5,241	5,241	5,241	0
25.5	Research and development contracts	1,184	1,516	1,516	1,516	0
26	Supplies and materials	60,461	37,836	38,729	40,321	1,592
31	Equipment	93,855	63,721	64,022	60,465	(3,557)
32	Lands and structures	0	10	10	10	0
33	Investments and loans	878	0	0	0	0
41	Grants, subsidies and contributions	206,478	183,656	171,184	153,403	(17,781)
42	Insurance claims and indemnities	124	13	13	13	0
43	Interest and dividends	50	1	1	1	0
44	Refunds	0	0	0	0	0
99	**Total Direct Obligations**	1,642,663	1,855,252	1,819,782	1,912,083	92,301
	Reimbursable Obligations	308,354	368,232	368,232	316,235	(51,997)
	Total Budget Authority	1,951,017	2,223,484	2,188,014	2,228,318	40,304

NOTE: FY 1995 Object Class does not agree with the Budget Appendix because final decisions were made after the Appendix closeout.

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Operation, Research, and Facilities
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
Personnel Data					
Full-Time equivalent Employment:					
Full-time permanent	12,426	12,048	12,060	12,005	(55)
Other than full-time permanent	0	0	0	0	0
Total	12,426	12,048	12,060	12,005	(55)
Authorized Positions:					
Full-time permanent	13,100	12,515	12,527	12,471	(56)
Other than full-time permanent	0	0	0	0	0
Total	13,100	12,515	12,527	12,471	(56)

NOTE: FY 1995 Object Class does not agree with the Budget Appendix because final decisions were made after the Appendix closeout.

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level		237	237	0
	Senior Executive Service		11,114	11,114	0
	General schedule	21,750	541,957	549,817	7,860
	Commissioned officers	216	18,536	18,536	0
	Wage board/wage marine		14,942	14,942	0
	Scientific & professional (P.L. 80-313)		263	263	0
	Students		0	0	0
	Subtotal	21,966	587,049	594,909	7,860
11.3	Other than full-time permanent				
	General schedule	462	17,042	17,042	0
	Wage board/wage marine		1,295	1,295	0
	Experts & consultants		46	46	0
	Hourly		0	0	0
	Subtotal	462	18,383	18,383	0
11.5	Other personnel compensation				
	Overtime	744	14,649	14,649	0
	Cash awards		5,595	5,595	0
	Other		7,002	7,002	0
	Subtotal	744	27,246	27,246	0
11.8	Special personnel services payments				
	Foreign service officers (State)		0	0	0
	Other		0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	23,172	632,678	640,538	7,860

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	(184)	24,414	24,015	(399)
	Federal Employee Retirement	3,894	36,448	35,896	(552)
	Medicare	513	10,378	10,373	(5)
	Thrift savings plan	623	7,057	6,949	(108)
	Federal insurance contribution act	1,766	20,602	20,285	(317)
	Health insurance	2,932	35,711	35,161	(550)
	Life insurance	102	1,541	1,517	(24)
	Overseas allowance (COLA)	38	6,161	6,062	(99)
	Employees comp fund (bec)		242	238	(4)
	Other		1,558	5,344	3,786
	Subtotal	9,684	144,112	145,840	1,728
13.0	Benefits for former personnel				
	Retired Pay		7,706	7,706	0
	Health benefits		167	494	327
	Other		0	0	0
	Subtotal	0	7,873	8,200	327
21	Travel and transportation of persons				
	Aircraft rental		9	9	0
	GSA vehicles		393	388	(5)
	Administrative travel	1,474	5,372	5,310	(62)
	Program travel	0	14,853	17,111	2,258
	Subtotal	1,474	20,627	22,818	2,191
22	Transportation of things				
	Trans of household goods		4,562	4,511	(51)
	GSA trucks		1,731	1,712	(19)
	Other	1	4,480	7,864	3,384
	Subtotal	1	10,773	14,087	3,314

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
23.1	Rental payments to GSA	581	55,950	56,838	888
23.2	Rental payments to others	485	9,857	9,161	(696)
23.3	Communications, utilities and miscellaneous charges				
	Utility services				
	Aircraft charter	29	9,419	9,277	(142)
	Vessel charter		313	308	(5)
	Rental of office copying equipment		629	619	(10)
	Rental of ADP equipment	2	217	214	(3)
	Federal telecommunications system		215	212	(3)
	Other telecommunications services	21	21	21	0
	Postal services by USPS	111	7,298	7,188	(110)
	Other	8	3,682	3,626	(56)
	Subtotal		2,372	7,752	5,380
		171	24,166	29,217	5,051
24	Printing and reproduction				
	Publications				
	Public use forms		2,310	2,527	217
	Enevelopes		0	0	0
	Other		0	0	0
	Subtotal	326	3,558	3,716	158
		326	5,868	6,243	375
25.1	Consulting services	1,076	7,075	10,619	3,544
25.2	Other services				
	Aircraft repair				
	Vessel repair		744	730	(14)
			10,132	9,944	(188)

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	Contracts for research		12,843	12,605	(238)
	Maintenance of equipment		30,115	29,558	(557)
	Training:		0	0	0
	University training		880	864	(16)
	CS commission training		157	154	(3)
	Other		4,291	4,212	(79)
	Substation observers		3,736	3,667	(69)
	Other Federal Agencies	154	404,343	396,859	(7,484)
	GSA alterations	823	1,150	1,128	(22)
	Working capital fund	1,183	2,417	2,372	(45)
	Other	140	144,732	240,912	96,180
	Subtotal	2,300	615,540	703,005	87,465
25.3	Purchases of goods & services from Gov't accounts				
	Office of Personnel Management Training		4,547	4,547	
	GSA reimbursable services		0	0	
	Payments to FA, WCF		0	0	
	Subtotal	0	4,547	4,547	0
25.4	Operation of GOCOs		5,241	5,241	
25.5	Research and development contracts		1,516	1,516	
26	Supplies and materials				
	Chart paper		499	491	(8)
	Met. upper air	136	2,913	2,865	(48)
	Maintenance of vessel		1,134	1,115	(19)
	Gases	1	545	536	(9)
	Fuel		2,897	2,849	(48)
	ADP supplies	3	5,374	5,285	(89)
	Other	753	25,367	27,180	1,813
	Subtotal	893	38,729	40,321	1,592

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
31	Equipment				
	Office machines and equipment		377	373	(4)
	ADP hardware		18,441	18,226	(215)
	Other capitalized	69	35,567	32,341	(3,226)
	Depreciation on capitalized equipment		0	0	0
	Non-capitalized	232	9,637	9,525	(112)
	Subtotal	301	64,022	60,465	(3,557)
32	Lands and structures				
	Land		10	10	0
	Building and Other Structures		0	0	0
	Depreciation of Building		0	0	0
	Subtotal lands and structures	0	10	10	0
33	Investments and loans		0	0	0
41	Grants, subsidies and contributions	1,140	171,184	153,403	(17,781)
42	Insurance claims and indemnities		13	13	0
43	Interest/dividends..		1	1	0
44	Refunds		0	0	0
99	Total Direct Obligations	41,604	1,819,782	1,912,083	92,301

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	41,604	1,819,782	1,912,083	92,301
FTE	12	12,060	12,005	(55)
Positions	12	12,527	12,471	(56)

Department of Commerce
National Oceanic and Atmospheric Administration
SCHEDULE OF PERMANENT POSITIONS

Exhibit 26

	1993 Estimate	1994 Estimate	1995 Estimate
Executive level I	0	0	0
Executive level II	0	0	0
Executive level III	1	1	1
Executive level IV	1	1	1
Executive level V	1	1	1
Subtotal	3	3	3
ES-6	3	3	3
ES-5	17	17	17
ES-4	52	51	51
ES-3	10	10	10
ES-2	11	11	11
ES-1	17	17	18
Subtotal	110	109	110
GS-16	0	0	0
GS/GM-15	563	523	503
GS/GM-14	993	924	907
GS/GM-13	2,025	1,922	1,958
GS-12	2,269	2,153	2,134
GS-11	2,033	1,929	1,957
GS-10	599	569	559
GS-9	1,382	1,312	1,301
GS-8	255	242	238
GS-7	969	919	903
GS-6	808	766	756
GS-5	946	898	889
GS-4	504	477	468
GS-3	122	115	113
GS-2	49	46	45
GS-1	54	52	51
Subtotal	13,571	12,847	12,782

Exhibit 26

Department of Commerce
National Oceanic and Atmospheric Administration
SCHEDULE OF PERMANENT POSITIONS

	1993 Estimate	1994 Estimate	1995 Estimate
Commissioned Officers:			
0-8 $58,345 to 72,500	3	3	3
0-7 $43,909 to 63,990	3	3	3
0-6 $32,544 to $56,22	33	33	33
0-5 $26,028 to $45,871	61	61	61
0-4 $21,942 to $38,358	83	83	83
0-3 $20,390 to $33,174	96	96	96
0-2 $17,780 to $24,617	79	79	79
0-1 $15,433 to $19,418	45	45	45
Subtotal	403	403	403
Grades established by act of August 1, 1947, Public law 80-313 (61 Stat. 715) as amended by Public Law 87-793 of October 11, 1962 (U.S.C. 3104):			
Scientific and professional $85,989:	3	3	3
Ungraded	441	441	441
Subtotal: Permanent Positions	14,531	13,806	13,742
Unfilled Positions, (End Of Year)	0	0	0
Total Positions:	14,531	13,806	13,742
Average ES salary	103,700	104,483	104,378
Average GS/GM grade	10.14	10.13	10.15
Average GS/GM salary	36,252	36,881	37,345

Exhibit 32

Justification of Proposed Language Changes

1. After the words "and alteration, modernization, and relocation of facilities as authorized by 33 U.S.C. 883i;" insert "$1,833,083,000, to remain available until expended;"

3. After the words "available for obligation until October 1, 1995: Provided further, That in addition," insert "$55,500,000 shall be derived by transfer"

4. After the words "the price of individual charts above the level in effect for such charts on September 30," insert "1994, shall be deposited"

Delete the following material:

" and of which $576,000 shall be available for operation expenses and cooperative agreements at the Fish Farming Experimental Laboratory, Stuttgart, Arkansas; and"

No funding for the facility is proposed for FY 1995, the deleted material is no longer required.

Include the following material:

2. After the words "at Stuttgart, Arkansas; and]" insert "Provided, That notwithstanding 31 U.S.C. 3302 and 16 U.S.C. 1854(d), in addition to fees currently being assessed and collected, additional fees shall be assessed, collected, and credited to a special fund in the Treasury, to be available until expended, to recover the direct and indirect costs of administering living marine resources, marine sanctuary, and aeronautical charting programs; Provided further, That the sum herein appropriated from the general fund shall be reduced as such additional fees are received during fiscal year 1995, so as to result in a final general fund appropriation estimated at not more than $1,745,083,000: Provided further, That any such additional fees received in excess of $88,000,000 in fiscal year 1995 shall not be available for obligation until October 1, 1995: Provided further, That"

Exhibit 34

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
CONSULTING AND RELATED SERVICES
(Obligations in thousands of dollars)

	1993 Actual	1994 Estimate	1995 Estimate
Management & Professional Support Services	10,118	8,679	8,802
Studies, Analysis & Evaluations	7,186	5,987	5,987
Engineering & Technical Services	5,695	6,185	6,185
Total	22,999	20,851	20,974

Consulting Services are those services of a pure nature relating to the governmental functions of agency administration and management and agency problem management. These services are normally provided by persons or organizations generally considered to have knowledge and special abilities that are not usually available within the agency. Such services can be obtained through personnel appointments, procurement contracts, or advisory committees.

Management and professional services deal with management data collection, policy review or development, program development, review or evaluation, systems engineering and other management support services. Special studies and analyses deal with the highly specialized areas of agency activity, e.g., air quality, chemical, environmental, geophysical, oceanological, technological, and etc. Management and support services for research and development are procurement actions that meet the description of management and professional services or special studies and analyses but are funded under research and development.

* NOTE: The Object Class 25.1 in MAX reflects Consultants only. It does not include Management & Professional Support Services; Studies, Analysis and Evaluation; and Engineering & Technical Services which are also defined in the A-11 as Consulting Services.

National Ocean Service ($6,678,000) - Management services in NOS are primarily to assist int he development of economic and scientific methodologies for natural resource damage assessment and to identify and assess risks to marine resources from hazardous waste sites.

Consulting services are used for program development support of interagency coordination of coastal ocean science activities, and support of expert advisory committees reviews of NOAA's coastal ocean science program.

National Marine Fisheries Service ($4,800,000) - Consulting services are used for specialized advice such as feasibility studies. This category also includes $67,000 in travel and contractual obligations for the National Marine Fisheries Advisory Committee (MAFAC), which provides the agency with outside expert advice and review. Management and professional services are used for: operations computer system support at headquarters, data management, data collection, computer programming, and program review. Studies and analyses include: studies to support domestic and international conservation and management decision associated with fish and protected species. These studies included socio-economic data, recreational fisheries data and assessment/status reviews.

Oceanic and Atmospheric Research ($24,000) - Consulting services are necessary for the laboratory review panels used by the Environmental Research Laboratories (ERL). In its formal laboratory reviews, ERL uses several outside experts in the fields of research being reviewed who serve as members of the review team.

National Weather Service ($1,348,000) - In FY 1995, an ongoing five-year advisory and assistance service contract (FY 1995 is the fourth-year option) with the National Research Council to analyze, study, and review for NOAA the implementation of plans to modernize and restructure the National Weather Service will continue. ($876,000) - In FY 1995, provided to support the continuation of the NWS modernization and restructuring plans.

National Environmental Satellite, Data, and Information Service ($300,000) - Management and professional services will be used to provide outside technical and scientific expertise related to spacecraft sensors. FY 1995 amounts reflect anticipated level necessary during development phase of sensor production for the Polar orbiting system.

Program Support ($12,000) - The intergovernmental Personnel Act Agreement will enable the agency an excellent opportunity to provide NOAA programmatic input into the development of new national programs for environmental education and training initiatives. Finally, NOAA will also benefit from the knowledge, skills, and abilities the assigned employee will return to the Agency with particulars in the development of the NOAA Foundation. NOAA Corp Operations will use structural engineering services for the Aircraft Operations Center. Special studies and analyses will be used for preparation of actuary report. of NOAA Corps retirement system required by Public Law 95-595.

Systems Program Office ($7,812,000) - Provides program planning, testing and evaluation of technical support, site surveys, and environmental assessments to the NEXRAD program. System engineering and technical support is provided to the ASOS and AWIPS programs. Provide System Program Office-wide support for cost and life cycle analyses, risk assessment, program management support, engineering design, technical management and documentation management support.

Exhibit 35

Department of Commerce
National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
PERIODICAL, PAMPHLETS, AND AUDIOVISUAL PRODUCTS
(Obligations in thousands of dollars)

	1993 Actual	1994 Estimate	1995 Estimate
Periodicals	941	951	926
Pamphlets	663	662	642
Audiovisuals	29	29	23
Total	1,633	1,642	1,591

NOAA proposes an increase of $24,000 in the use of funds for periodicals, pamphlets, and audiovisual products for FY 1995. A brief description of expenditures for periodicals, pamphlets, and audiovisuals by activity follows:

National Ocean Service ($160,000): The Office of Ocean Resources Conservation and Assessment produces numerous technical publications and accounts for the bulk of the NOS expenditures. Other components of NOS produce occasional technical publications. The Coast and Geodetic Survey produces a quarterly newsletter call "C&GS Update." The Marine Sanctuaries and Estuarine Reserve Systems produce pamphlets describing their programs. The Coastal Ocean Program Office expenditures are for technical reports related to NOAA and interagency coastal ocean science activities and plans.

National Marine Fisheries Service ($350,000): Expenditures are for periodicals and pamphlets of various technical reports, programmatic bulletins and annual reports required by Congress. Audiovisual products include a display booth for workshops and meetings.

Oceanic and Atmospheric Research ($36,000): Expenditures are for preliminary reports and forecasts of solar-geophysical activity bi-weekly.

National Weather Service ($859,000): Expenditures are for various weather service charts, maps, bulletins, newsletters, and reports on climate, fire weather, floods, hurricanes, tornadoes, and winter storms.

National Environmental Satellite, Data, and Information Service ($100,000): Expenditures for periodicals include technical data publications in meteorology, oceanography, solid-earth geophysics, solar-terrestrial physics, and satellite meteorology. Pamphlets include scientific and technical reports that present results of operational, developmental, and research programs of NOAA. Audiovisual products are primarily the slide and viewgraph sets used for technical presentations of operational programs within NOAA. FY 1995 reductions reflect anticipated targets to reduce administrative costs.

Program Support ($86,000): The Office of Legislative Affairs prepares briefing materials for use internally and externally by NOAA in the preparation of agency submissions for the departmental legislative program. NOAA Corps Bulletin, Roster of Commissioned Officers, and recruiting manuals and handouts.

Appropriation Language and Code Citations:
(Non-ORF Appropriations)

31 USC 718 - No specific Authority

Appropriations in annual appropriation Acts not permanent, states: "No specific or indefinite appropriation ... shall be construed to be permanent or available continuously ... unless it is made in terms expressly providing that it shall continue available beyond the fiscal year for which the appropriation Act ... is contained makes provision."

Appropriation: Fishing Vessel and Gear Damage Compensation Fund

1. For carrying out the provisions of Section 3 of P.L. 95-376,

22 USC 1980 (b) - Damages to fishing vessels and gear compensation

"Subject to the provisions of this section, the owner or operator ... of any fishing vessel ... of the United States is eligible for monetary compensation ... for any damage to, loss of, or destruction of such vessel, or any fishing gear ... or both,"

2. not to exceed $1,000,000 to be derived from receipts collected pursuant to that Act,

22 USC 1980 (f) - Fishing vessel and gear damage compensation fund establishment

"Sums may be expended from the fund only to such extent and in such amounts as are provided in advance in appropriation acts."

3. to remain available until expended.

Appropriation: Fishermen's Contingency Fund

1. For carrying out the provisions of Title IV of P.L. 95-372,

43 USC 1843 - Duties and Powers

"Payments shall be disbursed by the Secretary ... to compensate commercial fishermen for actual and consequential damages,"

2. not to exceed $750,000 to be derived from receipts collected pursuant to the Act,

43 USC 1842 - Establishment of the Fishermen's Contingency Fund

"Amounts ... shall be disbursed, subject to such amounts as are provided in appropriations acts,"

3. to remain available until expended.

Appropriation: Foreign Fishing Observer Fund

1. For carrying out the provisions, as amended, P.L. 96-339,

16 USC 1824 (b) (10)

"Reasonable fees shall be paid to the Secretary by the owner or operator of any foreign fishing vessel for which a permit is issued,"

16 USC 1827 - Establishment of Foreign Fishing Observer Fund

This section authorizes the Secretary to establish a program, and also establishes the Foreign Fishing Observer Fund in the Treasury.

Appropriation: Fishing Vessel Obligations Guarantees Program

1. For carrying out the provisions of sections 1271-1280 of P.L. 97-31,

46 USC 1273 (a) - Authorization to guarantee obligations

"The Secretary ... is authorized to guarantee ... the payment of interest on, and the unpaid balance of the principal of, any obligation which is eligible..."

2. for carrying out the provisions of P.L. 101-508,

2 USC 661 (d) - Authorization

"There are authorized ... such sums as may be necessary to pay the cost of associated with such direct loan obligations or loan guarantee commitments."

3. Appropriation, P.L. 102-40, as amended, P.L. 102-229.

"For the cost, as defined in section 502 of the Federal Credit Reform Act of 1990 ... In addition, for administrative expenses to carry out the guaranteed loan program ... which may be transferred to and merged with Operations, Research, and Facilities."

Exhibit 31

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Operations, Research, and Facilities
APPROPRIATION SUMMARY STATEMENT

For necessary expenses of activities authorized by law for the National Oceanic and Atmospheric Administration, including acquisition, maintenance, operation, and hire of aircraft; not to exceed 439 commissioned officers on the active list; as authorized by 31 U.S.C 1343 and 1344; construction of facilities, including initial equipment as authorized by 33 U.S.C. 883i; grants, contracts, or other payments to non-profit organizations for the purposes of conducting activities pursuant to cooperative agreements; and alteration, modernization, and relocation of facilities as authorized by 33 U.S.C. 883i; [$1,694,753,000] $1,833,083,000 to remain available until expended; [of which $576,000 shall be available for operational expenses and cooperative agreements at the Fish Farming Experimental Laboratory at Stuttgart, Arkansas; and]: Provided, That in notwithstanding 31 U.S.C. 3302 and 16 U.S.C. 1854(d), in addition to fees currently being assessed and collected, additional fees shall be assessed, collected , and credited to a special fund in the Treasury, to be available until expended, to recover the direct and indirect costs of administering living marine resources, marine sanctuary, and aeronautical charting programs; Provided further, That the sum herein appropriated from the general fund shall be reduced as such additional fees are received during fiscal year 1995, so as to result in a final general fund appropriation estimated at not more that $1,745,083,000: Provided further, That any such additional fees received in excess of $88,000,000 in fiscal year 1995 shall not be available for obligation until October 1, 1995: Provided further, That in addition, [$54,800,000] $55,500,000 shall be derived by transfer from the fund entitled "Promote and Develop Fishery Products and Research Pertaining to American Fisheries": Provided. That grants to States pursuant to section 306 and 306(a) of the Coastal Zone Management Act, as amended, shall not exceed $2,000,000 and shall not be less than $500,000: Provided further, That hereafter all receipts received from the sale of aeronautical charts that result from an increase in the price of individual charts that result from an increase in the price of individual charts above the level in effect for such charts on September 30, [1993] 1994, shall be deposited in this account as an offsetting collection and shall be available for obligation. (5 U.S.C. 5348; 7 U.S.C. 1622; 12 U.S.C. 1715m: 15 U.S.C. 272, 313, 313a, 313b, 313nt, 330b, 325, 330e, 1511d, 1514, 1517, 1537-40, 2904-06, 2908, 4211, 4278; 16 U.S.C. 661 et seq., 1361, 1431, 1433, 1436, 1437, 1440, 1441, 1442, 1444, 4701, 5001 et seq.; 30 U.S.C. 1412, 1419, 1424, 1428, 1469, 1470; 33 U.S.C. 706 et seq. 1121, 1251, 1441-44, 1703, 1704, 1705, 1709, 2706, 2801 et seq.; 37 U.S.C. 101 et seq.; 42 U.S.C. 1891, 7453, 7454, 8902-05; 43 U.S.C. 1347e; 44 U.S.C. 1307; 49 U.S.C. 1153; Department of Commerce Appropriations Act, 1994.)

Exhibit 5

Department of Commerce
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
Construction
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligatio
Amount Currently Available, 1994	5	109,703	5	125,105
less: Obligations from prior years	0	0	0	(15,402)
plus: 1995 Adjustments to base	0	2,800	0	2,800
less: prior year recoveries	0	0	0	0
1995 Base	5	112,503	5	112,503
less: 1995 Administrative savings	0	(2)	0	(2)
plus: 1995 Program changes	0	(76,304)	0	(76,304)
1995 Estimate	5	36,197	5	36,197

		1993 Actual		1994 Currently Availabl		1995 Base		1995 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Construction											
Advance Short-Term Forecasts & Warning Service											
Complete NWS Modernization	FTE/BA		62,018		62,784		65,584		18,297	0	(47,287)
	Pos./Obl.		52,271		71,685						
Environmental Compliance & Facilities Construction											
Facilities Repairs & Renovation	FTE/BA	4	24,711	4	14,362	4	14,362	4	7,500	0	(6,862)
	Pos./Obl.		38,952		53,420						
Environmental Compliance	FTE/BA	1	3,896	1	4,000	1	4,000	1	6,000	0	2,000
	Pos./Obl.										
New Construction	FTE/BA		0		28,557		28,557		4,400	0	(24,157)
	Pos./Obl.										
Direct Obligations	FTE/BA	5	90,625	5	109,703	5	112,503	5	36,197	0	(76,306)
	Pos./Obl.		91,223		125,105						
Adjustments for:											
Recoveries		0	(43)	0	0	0	0	0	0	0	0
Unobligated balance, start of year		0	(15,957)	0	(15,402)	0	0	0	0	0	0
Unobligated balance, transferred		0	0	0	0	0	0	0	0	0	0
Unobligated balance, end of year		0	15,402	0	0	0	0	0	0	0	0

Unobligated balance, expiring	0	0	0	0	0	0	0	0	0	0
Financing from transfers:										
Transfer from other accounts	0	0	0	0	0	0	0	0	0	0
Transfer to other accounts	0	3,875	0	0	0	0	0	0	0	0
Appropriation	5	94,500	5	109,703	5	112,503	5	36,197	0	(76,306)

Exhibit 7

DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
CONSTRUCTION
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ Decrease
Total Obligations	91,223	125,105	112,503	36,197	(76,306)
Offsetting Collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(43)	0	0	0	0
Unobligated balance, start of year	(15,957)	(15,402)	0	0	0
Unobligated balance transferred		0	0	0	0
Unobligated balance, end of year	15,402	0	0	0	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	90,625	109,703	112,503	36,197	(76,306)
Financing:	0	0	0	0	0
Transfer to/from other accounts	3,875	0	0	0	0
Appropriation	94,500	109,703	112,503	36,197	(76,306)

Exhibit 8

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Transfers		2,800
Total, adjustments to base		2,800

Exhibit 9

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
JUSTIFICATION OF ADJUSTMENTS TO BASE

	FTE	Amount
Transfer		
Transfer to Construction from Central Administrative Support base funds.		2,800,000

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Infrastructure
Environmental Compliance and Facilities Construction

Vision Statement

The basic premise of the Environmental Compliance and Facilities Construction Program is that NOAA's headquarters and field installations represent major agency assets without which its missions could not be accomplished. Furthermore, how well NOAA performs those missions will depend in great measure upon how well its facilities support agency program activities. Therefore, it is in NOAA's best overall interests to ensure that, in managing its physical infrastructure, the agency strives toward the following objective:

To provide all NOAA units a national network of facilities that are:

- safe and healthful,
- in compliance with all applicable laws and regulations,
- efficient,
- in proper repair, and
- in appropriate locations and configurations, all designed to fully support and enhance the completion of agency missions.

While it may be difficult to determine exactly that point in time when the above general objectives have been met, it is relatively easy to determine when they have not. There is abundant evidence that, in the large inventory of NOAA installations, there are a substantial number of facilities that have serious physical and environmental shortcomings. The causes of these problems are varied: aging buildings often not constructed for the purpose now intended; long-deferred maintenance; competition for funds between facility and program needs; changing missions; improved technology and so on. Irrespective of cause, however, they require the agency's close and reasoned attention and scrutiny.

The intent of this initiative is to develop a program which, over time, will achieve the above objective by taking care of the most pressing facility and environmental problems first, while at the same time establishing the institutional capability to initiate planning for, and implementation of, a series of gradual but deliberate improvements. The results of such a program should be a network of facilities that require only routine maintenance and replacements, and which provide a high-quality workplace environment.

Proposed Legislation

No Legislation is proposed for this Initiative.

Base Program FY 1994

The base program provides for adequate maintenance and repair for all NOAA facilities; the continuation of the environmental compliance program pursuant to existing environmental laws, regulations and guidelines; and to provide oversight to ensure the construction and modification of new facilities are accomplished in a timely manner and meet established standards.

Facilities Repair and Renovation:

As the NOAA-owned facilities approach an average age of 30 years, investment in significant major repairs and upgrades becomes increasingly critical. Major systems in many facilities are well past their design life and require maintenance, repair or replacement to ensure that the facilities remain available to support NOAA's programs.

Environmental Compliance:

NOAA also must ensure all facilities comply with all environmental laws, regulations and safety requirements. At the NOAA-owned installations, there are approximately 627 fuel tanks, many underground, which must be brought into compliance with EPA regulations. Some need to be replaced while many more require modifications including installation of leak detection systems. Projects also include the removal of asbestos and clean-up of existing hazardous waste sites. A large clean-up effort is underway in the Pribilof Islands, Alaska. The Office of Administration will provide central administration of this program, prioritizing critical environmental compliance and safety services needs across all NOAA programs.

New Construction:

NEXRAD User Facilities and Land Acquisition - A major facilities modernization program is underway to meet National Weather Service (NWS) Weather Forecast Office (WFO) facility requirements supporting the provision of public weather services and the nationwide fielding of NEXRAD systems. The program involves land acquisition, engineering, facility design, and site preparation for the construction, modification, and leasing of 117 WFOs and 13 collocated River Forecast Centers (RFCs). The facilities effort is structured by the NWS to ensure completion of the WFOs/RFCs in sufficient time to receive the NEXRAD units as contractually scheduled. Funding requirements for WFO facilities are included in the "Advance Short Term and Warning Services" initiative.

Silver Spring Facilities - This initiative funds the consolidation of the majority of NOAA employees in the Washington, D.C. metropolitan area at the Silver Spring Metro Center (SSMC) in Silver Spring, MD. The consolidation will allow NOAA to achieve the GSA space utilization standard in modern, high quality Federal work space designed to satisfy NOAA's needs. NOAA began its consolidation of employees at the Metro Center Complex in FY 1988. NOAA moved into SSMC Buildings 1 and 2 in FY 1990. Construction of SSMC Buildings 3 and 4 began in 1991. Fiscal Year 1994 emphasis will be on addressing post-occupancy adjustments and modifications necessary to bring SSMC 3 and 4 to a fully functional level.

New Facilities Construction, Boulder - NOAA is required to fund the construction cost differential between the standard GSA office building and type of science laboratory needed to perform NOAA's research and development, and environmental forecasting programs in Boulder, Colorado.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Percent of environmental compliance projects[1] completed:			
Base Increment by year[2]	30%	15%	12%
Percent of facilities projects[3] completed:			
Base Increment by year[4]	6%	10%	8.5%

1/ Top priority environmental compliance projects are those where there is or is soon to be a violation. Once a violation or potential violation is found, the statutory timeframe to bring a site into compliance begins.

2/ In FY 1993, about 1/3 of the projects in the starting database were funded. However, by the end of the year, an additional $1.8 million of priority projects were identified, causing the backlog to grow. The declining percentage of projects to be completed with base funding reflects this growth.

3/ Facilities projects are priority-ranked on a scale of 1 to 10 being the highest priority. Top priority facilities projects are those with a ranking of 8 or above.

4/ It is estimated that the facilities project backlog will grow at a rate of about $3.5 million per year for at least the next four years; the Environmental Compliance backlog is expected to grow at a rate of about $4.5 million during the next four years.

The objectives of the NOAA Environmental Compliance/Facilities Program are to bring all facilities into legal compliance with applicable laws and regulations, and to bring each facility up to a standard condition, operating at a "steady-state" requiring only normal, regular maintenance and periodic, life-cycle replacement of major building systems and components. These objectives can only be achieved by identifying projects, eliminating the backlog, and establishing a means by which NOAA maintains its facilities to the standard required to accomplish its mission.

CHANGE FOR 1995
(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Environmental Compliance & Facilities Construction	5	46,919	5	17,900	0	(29,019)

NOAA requests a decrease of 0 FTE and $29,019,000 for Environmental Compliance and Facilities Construction. This level will provide a modest increase for the environmental compliance program, while returning the other two major elements, Facilities Repairs and Renovations and New Construction, to a level consistent with the President's overall budget strategy. Following are more complete explanations for each of the three major elements:

Facilities Repair and Renovations: (0 FTE, -$6,883,000) NOAA requests a decrease of $6,883,000 for Facilities Repair and Renovations in FY 1995. This amount reflects an adjustment of NOAA's approach to facilities repairs and renovations within the context of the President's overall budget strategy.

Environmental Compliance: (+0 FTE, +$2,000,000) NOAA requests an increase of $2,000,000 for Environmental Compliance in FY 1995. These funds will support efforts to address the following two major areas:

- Institutionalization of the Program: Institutionalizing the NOAA Environmental Compliance Program will ensure that NOAA's facilities are in legal compliance with environmental requirements through identification of environmental problems at NOAA facilities, correction of those problems, and prevention of future problems.

- Environmental Cleanup/Pribilof Islands: This subelement is designed to specifically address identification and cleanup of major environmental damage caused by NOAA's past activities. NOAA has a number of sites on the Federal Agency Hazardous Waste Compliance Docket; and is required by the Environmental Protection Agency to investigate these sites and, if necessary, provide for the clean-up effort. In the Pribilof Islands (Alaska) alone there are over 60 potentially hazardous wastes contaminated sites.

New Construction: (-0 FTE, -$24,136,000) NOAA requests a decrease of $24,136,000 for New Construction and related activities in FY 1995. This decrease will return the new construction program to a level consistent with the President's overall budget strategy.

Benefits to the Nation

The benefits of a well-designed facilities program will provide the following long term benefits:

- NOAA facilities will be in compliance with all environmental and occupational health and safety regulations.
- NOAA facilities will be maintained so as to fully support NOAA program missions and improve program delivery by avoiding catastrophic, life or mission-threatening failures.
- Long-term reduction in operating costs due to use of energy-efficient equipment and buildings.
- Long-term reduction in repair and replacement costs.

Virtually all of the work undertaken in the facilities initiative will be accomplished through contracts, which in addition to providing the above social and economic benefits and provision of a physical asset, will provide substantial numbers of jobs in construction and related fields.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
Percent of environmental compliance projects completed:					
Increment for increase	11%	12%	12%	14%	17%
Cumulative Program goal					45%

Exhibit 14

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Initiative: Environmental Compliance & Facilities Construction
Element: Environmental Compliance

Title:		Grade	Number	Annual Salary	Total Salaries
Environmental Engineer		GS-12	1	$42,003	$42,003
Industrial Hygenist		GS-12	1	$42,003	$42,003
Civil Engineer		GS-12	1	$42,003	$42,003
Contract Specialists		GS-12	1	$42,003	$42,003
Environmental Protection Specialist		GS-11	1	35,045	$35,045
			5		203,057
Less Lapse	0%		0		0
Total Full-Time Permanent			5		203,057
1995 Pay Adjustment (1.6%)					4,751
					207,808

Personnel Data	
Full-Time Equivalent Employment	
Full-time permanent	5
Other than full-time permanent	0
Total	5
Authorized Positions :	
Full-time permanent	5
Other than full-time permanent	0
Total	5

Department of Commerce
National Oceanic and Atmospheric Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Initiative: Environmental Compliance and Facilities Construction
Program Change: Environmental Compliance and Facilities Construction

	Object Class	1995 Increase
11	Personnel Compensation	
11.1	Full-time permanent	208
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	208
12.1	Civilian personnel benefits	42
13	Benefits for former personel	0
21	Travel and transportation of things	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Commun., util., misc. charges	0
24	Printing and reproduction	0
25.1	Consulting services	0
25.2	Other services	1,750
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total Obligations	2,000

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Initiative: Environmental Compliance and Facilities Construction
Element: Environmental Compliance and Facilities Construction

	Object Class	1995 Decrease
11	Personnel Compensation	
11.1	Full-time permanent	0
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	0
12.1	Civilian personnel benefits	0
13	Benefits for former personel	0
21	Travel and transportation of things	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Commun., util., misc. charges	0
24	Printing and reproduction	0
25.1	Consulting services	0
25.2	Other services	(11,624)
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	(19,395)
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	**Total Obligations**	(31,019)

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Initiative: **Advance Short-Term Forecast & Warning Services**
Element: **Complete NWS Modernization**

	Object Class	1995 Decrease
11	Personnel Compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	
12.1	Civilian personnel benefits	0
13	Benefits for former personel	0
21	Travel and transportation of things	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Commun., util., misc. charges	0
24	Printing and reproduction	0
25.1	Consulting services	0
25.2	Other services	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	(47,287)
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
		0
99	**Total Obligations**	(47,287)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
11	Personnel compensation					
11.1	Full-time permanent	244	345	325	325	
11.3	Other than full-time permanent					
11.5	Other personnel compensation					
11.8	Special personnel services payments					
11.9	Total personnel compensation	244	345	325	325	
12.1	Civilian personnel benefits	56	79	65	65	
13	Benefits for former personnel					
21	Travel and transportation of persons	453	621			
22	Transportation of things	55	75			
23.1	Rental payments to GSA					
23.2	Rental payments to others	724	1,005			
23.3	Commun., util., misc. charges	2,462	3,364			
24	Printing and reproduction	144	197	2		(2)
25.1	Consulting services					
25.2	Other services	27,719	38,001	23,334	17,510	(5,824)
26	Supplies and materials	3,505	4,807			
31	Equipment	1,487	2,041			
32	Lands and structures	29,825	40,903	51,085		(51,085)
33	Investments and loans					
41	Grants, subsidies and contributions	24,544	33,660	37,692	18,297	(19,395)
42	Insurance claims and indemnities					
43	Interest and dividends					
44	Refunds	5	7			
99	**Total Obligations**	91,223	125,105	112,503	36,197	(76,306)
	Less prior year recoveries					
	Total Budget Authority			112,503	36,197	(76,306)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
Personnel Data					
Full-Time equivalent Employment:					
Full-time permanent	5	5	5	5	
Other than full-time permanent					
Total	5	5	5	5	
Authorized Positions:					
Full-time permanent	5	5	5	5	
Other than full-time permanent					
Total	5	5	5	5	

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

03/11/94
01:49 PM

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	325	325	0
	Senior Executive Service	0	0	0	0
	General schedule	0	0	0	0
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Students	0	0	0	0
	Subtotal	0	325	325	0
11.3	Other than full-time permanent				
	General schedule	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	0	0	0
11.5	Other personnel compensation				
	Overtime	0	0	0	0
	Cash awards	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	0	325	325	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

03/11/94
01:49 PM

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	0	0	0	0
	Federal Employee Retirement	0	0	0	0
	Medicare	0	0	0	0
	Thrift savings plan	0	0	0	0
	Federal insurance contribution act	0	0	0	0
	Health insurance	0	0	0	0
	Life insurance	0	0	0	0
	Overseas allowance (COLA)	0	0	0	0
	Employees comp fund (bec)	0	0	0	0
	Other	0	65	65	0
	Subtotal	0	65	65	0
13.0	Benefits for former personnel				
	Retired Pay	0	0	0	0
	Health benefits	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Aircraft rental	0	0	0	0
	GSA vehicles	0	0	0	0
	Administrative travel	0	0	0	0
	Program travel	0	0	0	0
	Subtotal	0	0	0	0
22	Transportation of things				
	Trans of household goods	0	0	0	0
	GSA trucks	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

03/11/94
01:49 PM

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities and miscellaneous charges				
	Utility services	0	0	0	0
	Aircraft charter	0	0	0	0
	Vessel charter	0	0	0	0
	Rental of office copying equipment	0	0	0	0
	Rental of ADP equipment	0	0	0	0
	Federal telecommunications system	0	0	0	0
	Other telecommunications services	0	0	0	0
	Postal services by USPS	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
24	Printing and reproduction				
	Publications	0	0	0	0
	Public use forms	0	0	0	0
	Enevelopes	0	0	0	0
	Other	0	2	0	(2)
	Subtotal	0	2	0	(2)
25.1	Consulting services	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

03/11/94
01:49 PM

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
25.2	Other services				
	Aircraft repair	0	0	0	0
	Vessel repair	0	0	0	0
	Contracts for research	0	0	0	0
	Maintenance of equipment	0	0	0	0
	Training:	0	0	0	0
	University training	0	0	0	0
	CS commission training	0	0	0	0
	Other	0	0	0	0
	Substation observers	0	0	0	0
	Other Federal Agencies	0	0	0	0
	GSA alterations	0	0	0	0
	Working capital fund	0	0	0	0
	Other	0	23,334	17,510	(5,824)
	Subtotal	0	23,334	17,510	(5,824)
25.3	Purchases of goods & services from Gov't accounts				
	Office of Personnel Management Training		0	0	
	GSA reimbursable services	0	0	0	
	Payments to FA, WCF	0	0	0	
	Subtotal	0	0	0	0
25.4	Operation of GOCOs	0	0	0	
25.5	Research and development contracts	0	0	0	

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Construction

DETAILED REQUIREMENTS BY OBJECT CLASS

(Dollar amounts in thousands)

03/11/94
01:49 PM

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
26	Supplies and materials				
	Chart paper		0	0	0
	Met. upper air	0	0	0	0
	Maintenance of vessel		0	0	0
	Gases	0	0	0	0
	Fuel		0	0	0
	ADP supplies	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
31	Equipment				
	Office machines and equipment		0	0	0
	ADP hardware		0	0	0
	Other capitalized	0	0	0	0
	Depreciation on capitalized equipment		0	0	0
	Non-capitalized	0	0	0	0
	Subtotal	0	0	0	0
32	Lands and structures				
	Land		51,085	0	(51,085)
	Building and Other Structures		0	0	0
	Depreciation of Building		0	0	0
	Subtotal lands and structures	0	51,085	0	(51,085)
33	Investments and loans		0	0	0
41	Grants, subsidies and contributions	0	37,692	18,297	(19,395)
42	Insurance claims and indemnities		0	0	0
43	Interest/dividends..		0	0	0

:

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Construction

DETAILED REQUIREMENTS BY OBJECT CLASS

(Dollar amounts in thousands)

03/11/94
01:49 PM

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
44	Refunds		0	0	0
99	Total Direct Obligations	0	112,503	36,197	(76,306)

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Construction
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

03/11/94
01:49 PM

Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	0	112,503	36,197	(76,306)
FTE	0	5	12	7
Positions	0	5	12	7

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantees Program Account
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Appropriation, Available, 1994	0	459	0	459
less: Obligations from prior years				
plus: 1995 Adjustments to base				
less: unobligated balance, start of year				
1995 Base	0	459	0	459
less: Administrative savings				
less: FTE savings				
plus: 1995 Program changes		(459)		(459)
1995 Estimate	0	0	0	0

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Comparison by activity:											
Build Sustainable U.S. Fisheries											
Managing for Econoic Growth											
Subsidy Costs	Pos./BA	0	470	0	459	0	459	0	0	0	(459)
	FTE/Obl.	0	470	0	459	0	459	0	0	0	(459)
Direct Obligations	Pos./BA	0	470	0	459	0	459	0	0	0	(459)
	FTE/Obl.	0	470	0	459	0	459	0	0	0	(459)
Adjustments for:											
Recoveries											
Unobligated balance, start of year											
Unobligated balance transferred											
Unobligated balance, end of year											
Unobligated balance expiring											
Financing from transfers:											
Transfer from other accounts											
Transfer to other accounts											
Appropriation		0	470	0	459	0	459	0	0	0	(459)

:

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantees Program Account
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Curently Available	1995 Base	1995 Estimate	Increase/ Decrease/ over 1995 Base
Total Obligations	470	459	459	0	(459)
Offsetting collections from:					
Federal funds	0				
Trust funds					
Non-Federal sources					
Recoveries	0				
Unobligated balance, start of year	0	0			
Unobligated balance transferred					
Unobligated balance, end of year	0				
Unobligated balance expiring					
Budget Authority	470	459	459	0	(459)
Financing:					
Transfer from other accounts					
Transfer to other accounts					
Appropriation	470	459	459	0	(459)

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantee Program Account
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: **Fishing Vessel Obligation Guarantee Program Account**
Subactivity: **Fishing Vessel Obligation Guarantee Program Account**

Goal Statement

Provide a loan guarantee program that makes long-term private credit available on appropriate terms for financing and refinancing the fishing industry's major capital investments for fishing vessels and shoreside processing facilities without contributing to overcapitalization of the fishing industry.

Proposed Legislation

No legislation is proposed.

Base Program

The Merchant Marine Act of 1936, as amended, created the Federal Ship Financial Fund and authorized the Secretary to guarantee obligations for fishing vessels, shoreside processing plants and aquaculture. The Credit Reform Act of 1990 was passed to: (1) measure more accurately the costs of Federal credit programs; (2) place the cost of credit programs on a budgetary basis equivalent to other Federal spending; (3) encourage the delivery of benefits in the form most appropriate to the needs of the beneficiaries; and (4) improve the allocation of resources among credit programs and between credit and other spending programs. As a result of this Act, the Federal Ship Financing Fund became a liquidating account for loan guarantees made prior to October 1, 1991. Any new loan guarantees made on or after October 1, 1991 (FY 1992) are made under the Fishing Vessel Obligation Guarantee (FVOG) appropriation. The FY 1995 budget proposes that no new loan guarantees be made and no request has been made for subsidy costs.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Value of Portfolis ($ in 000s)	200,000	237,000	272,900
Value of New Loans ($ in 000s)	47,000	45,900	0

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Fishing Vessel Obligation Guarantee Program .	0	$459	0	0	0	($459)

Program Decrease ($459,000): NOAA requests a decrease of $459,000 for the Fishing Vessel Obligation Guarantee Program. The FY 1995 budget proposes that no new loan guarantees be made and no subsidy costs are required. (This decrease is included in the Build Sustainable Fisheries program).

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantees Program Account
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations amounts in thousands)

Element: Build Sustainable U. S. Fisheries
Program Change: Managing for Economic Growth

	Object Class	1995 Change
11	Personnel compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	
25.1	Consulting services	
25.2	Other services	
26	Supplies and materials	
31	Equipment	
32	Lands and structures	
33	Investments and loans	(459)
41	Grants, subsidies and contributions	
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	(459)

1/ Funding also reflected in ORF Rebuild U.S. Fisheries initiative.

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantees Program Account
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
11	Personnel compensation					
11.1	Full-time permanent					
11.3	Other than full-time permanent					
11.5	Other personnel compensation					
11.8	Special personnel services payments					
11.9	Total personnel compensation					
12.1	Civilian personnel benefits					
13	Benefits for former personnel					
21	Travel and transportation of persons					
22	Transportation of things					
23.1	Rental payments to GSA					
23.2	Rental payments to others					
23.3	Commun., util., misc. charges					
24	Printing and reproduction					
25.1	Consulting services					
25.2	Other services					
26	Supplies and materials					
31	Equipment					
32	Lands and structures					
33	Investments and loans	470	459	459		(459)
41	Grants, subsidies and contributions					
42	Insurance claims and indemnities					
43	Interest and dividends					
44	Refunds					
99	**Total Obligations**	470	459	459		(459)
	Less prior year recoveries					
	Total Budget Authority	470	459	459		(459)

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantees Program Account
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	0	0	0
	Senior Executive Service	0	0	0	0
	General schedule	0	0	0	0
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Students	0	0	0	0
	Subtotal	0	0	0	0
11.3	Other than full-time permanent				
	General schedule	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	0	0	0
11.5	Other personnel compensation				
	Overtime	0	0	0	0
	Cash awards	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantees Program Account
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	0	0	0	0
	Federal Employee Retirement	0	0	0	0
	Medicare	0	0	0	0
	Thrift savings plan	0	0	0	0
	Federal insurance contribution act	0	0	0	0
	Health insurance	0	0	0	0
	Life insurance	0	0	0	0
	Overseas allowance (COLA)	0	0	0	0
	Employees comp fund (bec)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
13.0	Benefits for former personnel				
	Retired Pay	0	0	0	0
	Health benefits	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Aircraft rental	0	0	0	0
	GSA vehicles	0	0	0	0
	Administrative travel	0	0	0	0
	Program travel	0	0	0	0
	Subtotal	0	0	0	0
22	Transportation of things				
	Trans of household goods	0	0	0	0
	GSA trucks	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantees Program Account
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities and miscellaneous charges				
	Utility services	0	0	0	0
	Aircraft charter	0	0	0	0
	Vessel charter	0	0	0	0
	Rental of office copying equipment	0	0	0	0
	Rental of ADP equipment	0	0	0	0
	Federal telecommunications system	0	0	0	0
	Other telecommunications services	0	0	0	0
	Postal services by USPS	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
24	Printing and reproduction				
	Publications	0	0	0	0
	Public use forms	0	0	0	0
	Enevelopes	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.1	Consulting services	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantees Program Account
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
25.2	Other services				
	Aircraft repair	0	0	0	0
	Vessel repair	0	0	0	0
	Contracts for research	0	0	0	0
	Maintenance of equipment	0	0	0	0
	Training:	0	0	0	0
	University training	0	0	0	0
	CS commission training	0	0	0	0
	Other	0	0	0	0
	Substation observers	0	0	0	0
	Other Federal Agencies	0	0	0	0
	GSA alterations	0	0	0	0
	Working capital fund	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.3	Purchases of goods & services from Gov't accounts				
	Office of Personnel Management Training	0	0	0	0
	GSA reimbursable services	0	0	0	0
	Payments to FA, WCF	0	0	0	0
	Subtotal	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0
25.5	Research and development contracts	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel Obligation Guarantees Program Account
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
26	Supplies and materials				
	Chart paper	0	0	0	0
	Met. upper air	0	0	0	0
	Maintenance of vessel	0	0	0	0
	Gases	0	0	0	0
	Fuel	0	0	0	0
	ADP supplies	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
31	Equipment				
	Office machines and equipment	0	0	0	0
	ADP hardware	0	0	0	0
	Other capitalized	0	0	0	0
	Depreciation on capitalized equipment	0	0	0	0
	Non-capitalized	0	0	0	0
	Subtotal	0	0	0	0
32	Lands and structures				
	Land	0	0	0	0
	Building and Other Structures	0	0	0	0
	Depreciation of Building	0	0	0	0
	Subtotal lands and structures	0	0	0	0
33	Investments and loans	0	459	0	(459)
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0
43	Interest/dividends..	0	0	0	0
44	Refunds	0	0	0	0
99	Total Direct Obligations	0	459	0	(459)

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Amount Currently Available, 1994	16	77,064	16	100,266
less: Obligations from prior years	0	0	0	0
plus: 1995 Adjustments to base	0	18	0	18
less: Unobligated balance, start of year	0	0	0	(23,202)
1995 Base	16	77,082	16	77,082
less: 1995 Administrative savings	0	(42)	0	(42)
plus: 1995 Program changes	0	(54,000)	0	(54,000)
1995 Estimate	16	23,040	16	23,040

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
Comparison by activity		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Fleet Modernization, Shipbuilding & Conversion											
Fleet Replacement & Modernization											
Fisheries	Pos./BA	6	4,615	6	12,480	6	12,483	6	14,659	0	2,176
	FTE/Obl.	6	4,275	6	16,237	6	12,483	6	14,659	0	2,176
Hydrographic	Pos./BA	6	2,271	6	6,142	6	6,143	6	797	0	(5,346)
	FTE/Obl.	6	2,104	6	7,991	6	6,143	6	797	0	(5,346)
Research	Pos./BA	4	21,614	4	58,442	4	58,456	4	7,584	0	(50,872)
	FTE/Obl.	4	20,018	4	76,038	4	58,456	4	7,584	0	(50,872)
Direct Obligations	Pos./BA	16	28,500	16	77,064	16	77,082	16	23,040	0	(54,042)
	FTE/Obl.	16	26,397	16	100,266	16	77,082	16	23,040	0	(54,042)
Adjustments for:											
Recoveries			(32)		0		0		0		0
Unobligated balance, start of year			(21,067)		(23,202)		0		0		0
Unobligated balance, transferred			0		0		0		0		0
Unobligated balance, end of year			23,202		0		0		0		0
Unobligated balance, expiring			0		0		0		0		0
Financing from transfers:											
Transfer from other accounts			0		0		0		0		0
Transfer to other accounts			1,500		0		0		0		0
Appropriation		16	30,000	16	77,064	16	77,082	16	23,040	0	(54,042)

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1994 Estimate	Increase/ Decrease
Total Obligations	26,397	100,266	77,082	23,040	(54,042)
Offsetting Collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(32)	0	0	0	0
Unobligated balance, start of year	(21,067)	(23,202)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	23,202	0	0	0	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	28,500	77,064	77,082	23,040	(54,042)
Financing:	0	0	0	0	0
Transfer to/from other accounts	1,500	0	0	0	0
Appropriation	30,000	77,064	77,082	23,040	(54,042)

Exhibit 8

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

Adjustment	FTE	Amount
1995 Pay raise		26
One less compensable day		(8)
Total, adjustments to base		18

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments

1112 1995 pay increase and related costs

A general pay raise off 2% is assumed to be effective January 1, 1995.

Annual cost of the January 1995 pay increase	34,000
Less amount absorbed in FY 1995	0
Less amount for period October 1994 – December 1994.	(8,000)
Payment to Working Capital fund	0
Total, adjustment for 1995 pay increase	26,000

Compensable Days

A decrease is requested due to one less compensable day in 1995 compared to 1994. The amount is calculated by dividing the 1994 estimated personnel compensation and applicable benefits by the number of paid days in 1994.

1994 Compensation	1,517,000
1994 Benefits	492,000
Subtotal	2,009,000
Number of paid days in 1994	261
ATB	(7,697)

JUSTIFICATION OF PROGRAM AND PERFORMANCE
Infrastructure
Fleet Replacement and Modernization

Vision Statement

The goal of this program is modernization and replacement of NOAA's fleet of oceanographic, hydrographic survey, and fisheries vessels. The final objective of this plan is to provide 24 ships and 5,760 DAS annually. This includes 1,352 DAS supporting oceanographic research, 1,680 DAS supporting charting through hydrographic surveys and 2,728 DAS supporting fisheries research.

Proposed Legislation

No Legislation is proposed for this Initiative.

Base Program FY 1995

Most of the ships in the NOAA fleet are near the maximum age for cost effective productive operations. Prevailing practice within the marine community is to perform major service-life extensions of ships after 15 years of operation, and replace ships after 30 years. The current NOAA fleet will average nearly 30 years of age by the year 1995. None of NOAA's ships have received a major service life extension and only six have received partial mid-life rehabilitation. NOAA does not have a capital fund to keep the ships equipped with current equipment and instrumentation. The ships are experiencing increasing levels of equipment failures due to age and replacement parts are becoming increasingly difficult to obtain. If NOAA takes no additional action to ensure the future capability of its fleet, there is a strong possibility that the agency will have no serviceable ships by the year 2000.

The modernization of the NOAA fleet began in FY 1992 and continued in FY 1993 and FY 1994 with maintenance of the existing fleet; preparation of detailed requirements, specifications, and designs for ship repair, conversion or construction; transfer of three, nearly new, surplus Navy T-AGOS ships; FY 1994 award of a contract for conversion of one T-AGOS to an oceanographic support vessel for the Tropical Atmosphere Ocean program; award of a contract for RTE of one fisheries ship; and award of a contract for construction of an oceanographic ship. The maintenance of existing ships includes repair, upgrades, replacement and modifications of ship systems, subsystems, and equipment to improve a ship's condition to allow safe and effective operation until it is replaced or receives a repair-to-extend (RTE) its service life.

In support of oceanographic research in FY 1995, the base program will provide routine and critical maintenance to allow continued operation of four ships.

In support of charting, the base program will provide routine and critical maintenance to allow continued operation of five ships. The base program will also provide continuation of a pilot project to incorporate available technology into NOAA's routine charting operations and some chartering in support of charting will be conducted.

In support of fisheries research, the base program will provide routine and critical maintenance to allow continued operation of 9 ships. The base program will also provide development or updating of requirements for three ships supporting fisheries and will support some fisheries chartering.

The base program also supports management and administration of the overall fleet replacement and modernization program.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
New Ships Constructed (Delivered)	0	0	0
Ships Converted (Delivered)	0	0	0
Ships RTE's (Finished)	0	0	0
Small Boats Constructed (Delivered)	0	0	0
Ships Maintained	18	18	18

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Fleet Replacement and Modernization	16	$77,082	16	$23,040	0	-$54,042

NOAA requests a net decrease of $54,042,000 for the Fleet Replacement and Modernization (FRAM) program. These decreases consist of $42,000 for Administrative reductions and $54,000,000 for the oceanographic research ship which was funded in FY 1994. Modernization of the Fleet is being slowed from original plans, in part reflecting the availability of funds, and in part to gain experience with the recommendation of the National Performance Review to implement a public private completion for fleet services.

The information on planned fiscal year 1995 spending per ship requested in the fiscal year 1994 appropriation conference report (103-293) is provided below:

Ship or Project	Mission Supported	Dollar Estimate in Thousands
	Maintenance	
DISCOVERER	Oceanographic Research	$1,080
MALCOLM BALDRIGE	Oceanographic Research	1,100
SURVEYOR	Fisheries Research	1,060
RAINIER	Charting	690
MT. MITCHELL	Charting	980
MILLER FREEMAN	Fisheries Research	620
WHITING	Charting	460
MCARTHUR	Fisheries Research and Environmental Monitoring	530
OREGON II	Fisheries Research	780
ALBATROSS IV	Fisheries Research	600
TOWNSEND CROMWELL	Fisheries Research	670
DAVID STARR JORDAN	Fisheries Research	650
DELAWARE II	Fisheries Research	290
FERREL	Environmental Monitoring and Oceanographic Research	270
CHAPMAN	Fisheries Research	460
RUDE	Charting	290
HECK	Charting	270
JOHN N. COBB	Fisheries Research	200
T-AGOS	Oceanographic Research	750
	Charter	
Charter	Fisheries Research	1,600
Charter	Charting	2,000

	Modernization	
Charting Launch Modernization Design	Charting	1,000
Oceanographic Ship Design	Oceanographic Research	200
MILLER FREEMAN and DAVID STARR JORDAN RTE Specification	Fisheries Research	300
Requirements, Engineering, Logistics, Technical, Mission Systems and Program Support	All Missions	$6,190
TOTAL		$23,040

Benefits to the Nation

This capital investment program will replace and modernize NOAA's fisheries, research, and charting fleet. This investment will contribute to the health and well-being of the Nation by providing the data collection platforms to meet critical program requirements. Significant benefits include:

- Providing economic opportunities in the fishing industry by building sustainable marine fisheries;
- Restoring threatened and endangered marine mammals, sea turtles and other species;
- Preventing loss of life, cargo, and other property and environmental damage from ship groundings;
- Promoting economic development and expanded export opportunities by improving the safety of maritime commerce;
- Improving the health of coastal ecosystems and management of ocean resources through up-to-date scientific data;
- Improving response capability for spills of oil and hazardous materials in ports, harbors and coastal waters by providing reliable data on the physical marine environment;
- Mitigating agricultural and other losses through improved seasonal and interannual forecasts of temperature, precipitation and droughts; and
- Providing data for improving decadal to very long-term climate predictions and assessments for crucial policy and economic planning decisions.

In addition, this program will provide shipyard jobs and help maintain the U.S. shipbuilding industrial base.

Measures of Performance

	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
New Ships Constructed (Delivered) 3 yr	TBD	TBD	TBD	TBD	TBD
Ships Converted (Delivered) 1 yr	TBD	TBD	TBD	TBD	TBD
Ships RTE's (Finished) 1 yr	TBD	TBD	TBD	TBD	TBD
Small Boats Constructed	TBD	TBD	TBD	TBD	TBD

The objective of the FRAM program is to provide a modern fleet of ships and small boats to support NOAA's ocean programs. The delivery of these ships and small boats to provide this program support are the performance indicators.

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Initiative: **Fleet Replacement and Modernization**

	Object Class	1995 Change
11	Personnel compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	(398)
22	Transportation of things	(85)
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	2,237
24	Printing and reproduction	(12)
25.1	Consulting services	
25.2	Other services	(43,976)
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	(8,476)
31	Equipment	(3,326)
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	
42	Insurance claims and indemnities	
43	Interest and dividends	(6)
44	Refunds	
99	**Total obligations**	(54,042)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	2,096	2,184	1,800	1,800	0
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation	0	0	0	0	0
11.8	Special personnel services payments	0	0	0	0	0
11.9	Total personnel compensation	2,096	2,184	1,800	1,800	0
12.1	Civilian personnel benefits	262	765	600	600	0
13	Benefits for former personel	0	0	0	0	0
21	Travel and transportation of persons	208	607	607	209	(398)
22	Transportation of things	41	120	120	35	(85)
23.1	Rental payments to GSA	0	0	0	0	0
23.2	Rental payments to others	0	0	0	0	0
23.3	Commun., util., misc. charges	758	2,225	2,213	4,450	2,237
24	Printing and reproduction	4	12	12	0	(12)
25.1	Consulting services	0	0	0	0	0
25.2	Other services	17,546	78,349	55,722	11,746	(43,976)
25.3	Purchase of goods and services from Gov't accounts	0	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0
26	Supplies and materials	3,894	11,368	11,371	2,895	(8,476)
31	Equipment	1,586	4,630	4,631	1,305	(3,326)
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0	0
43	Interest and dividends	2	6	6	0	(6)
44	Refunds	0	0	0	0	0
99	TOTAL	26,397	100,266	77,082	23,040	(54,042)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
Personnel Data					
Full-time Equivalent Employment:					
Full-time permanent	16	16	16	16	0
Other than full-time permanent	0	0	0	0	0
Total	16	16	16	16	0
Authorized Positions:					
Full-time permanent	16	16	16	16	0
Other than full-time permanent	0	0	0	0	0
Total	16	16	16	16	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	20	1,800	1,800	0
	Senior Executive Service	0	0	0	0
	General schedule	0	0	0	0
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Students	0	0	0	0
	Subtotal	20	1,800	1,800	0
11.3	Other than full-time permanent				
	General schedule	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	0	0	0
11.5	Other personnel compensation				
	Overtime	0	0	0	0
	Cash awards	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	20	1,800	1,800	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	0	0	0	0
	Federal Employee Retirement	0	0	0	0
	Medicare	0	0	0	0
	Thrift savings plan	0	0	0	0
	Federal Insurance contribution act	0	0	0	0
	Health insurance	0	0	0	0
	Life insurance	0	0	0	0
	Overseas allowance (COLA)	0	0	0	0
	Employees comp fund (bec)	0	0	0	0
	Other	(2)	600	600	0
	Subtotal	(2)	600	600	0
13.0	Benefits for former personnel				
	Retired Pay	0	0	0	0
	Health benefits	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Aircraft rental	0	0	0	0
	GSA vehicles	0	0	0	0
	Administrative travel	0	0	0	0
	Program travel	0	607	209	(398)
	Subtotal	0	607	209	(398)
22	Transportation of things				
	Trans of household goods	0	0	0	0
	GSA trucks	0	0	0	0
	Other	0	120	35	(85)
	Subtotal	0	120	35	(85)
23.1	Rental payments to GSA	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities and miscellaneous charges				
	Utility services	0	0	0	0
	Aircraft charter	0	0	0	0
	Vessel charter	0	0	0	0
	Rental of office copying equipment	0	0	0	0
	Rental of ADP equipment	0	0	0	0
	Federal telecommunications system	0	0	0	0
	Other telecommunications services	0	0	0	0
	Postal services by USPS	0	0	0	0
	Other	0	2,213	4,450	2,237
	Subtotal	0	2,213	4,450	2,237
24	Printing and reproduction				
	Publications	0	0	0	0
	Public use forms	0	0	0	0
	Enevelopes	0	0	0	0
	Other	0	12	0	(12)
	Subtotal	0	12	0	(12)
25.1	Consulting services	0	0	0	0
25.2	Other services				
	Aircraft repair	0	0	0	0
	Vessel repair	0	0	0	0
	Contracts for research	0	0	0	0
	Maintenance of equipment	0	0	0	0
	Training:	0	0	0	0
	University training	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	CS commission training	0	0	0	0
	Other	0	0	0	0
	Substation observers	0	0	0	0
	Other Federal Agencies	0	0	0	0
	GSA alterations	0	0	0	0
	Working capital fund	0	0	0	0
	Other	0	55,722	11,746	(43,976)
	Subtotal	0	55,722	11,746	(43,976)
25.3	Purchases of goods & services from Gov't accounts				
	Office of Personnel Management Training	0	0	0	0
	GSA reimbursable services	0	0	0	0
	Payments to FA, WCF	0	0	0	0
	Subtotal	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0
25.5	Research and development contracts	0	0	0	0
26	Supplies and materials				
	Chart paper		0	0	0
	Met. upper air	0	0	0	0
	Maintenance of vessel		0	0	0
	Gases	0	0	0	0
	Fuel		0	0	0
	ADP supplies	0	0	0	0
	Other	0	11,371	2,895	(8,476)
	Subtotal	0	11,371	2,895	(8,476)
31	Equipment				
	Office machines and equipment		0	0	0
	ADP hardware		0	0	0
	Other capitalized	0	4,631	1,305	(3,326)
	Depreciation on capitalized equipment		0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	Non-capitalized	0	0	0	0
	Subtotal	0	4,631	1,305	(3,326)
32	Lands and structures				
	Land		0	0	0
	Building and Other Structures		0	0	0
	Depreciation of Building		0	0	0
	Subtotal lands and structures	0	0	0	0
33	Investments and loans		0	0	0
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities		0	0	0
43	Interest/dividends..		6	0	(6)
44	Refunds		0	0	0
99	Total Direct Obligations	18	77,082	23,040	(54,042)

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	18	77,082	23,040	(54,042)
FTE	0	16	16	0
Positions	0	16	16	0

Exhibit 34

Department of Commerce
National Oceanic and Atmospheric Administration
Fleet Modernization, Shipbuilding and Conversion

CONSULTING AND RELATED SERVICES
(Obligations in thousands of dollars)

	1993 Actual	1994 Estimate	1995 Estimate
Management & Professional Support Services	0	0	0
Studies, Analysis & Evaluations	0	200	0
Engineering & Technical Services	0	473	0
Total	0	673	0

Consulting Services are those services of a pure nature relating to the governmental functions of agency administration and management and agency problem management. These services are normally provided by persons or organizations generally considered to have knowledge and special abilities that are not usually available within the agency. Such services can be obtained through personnel appointments, procurement contracts, or advisory committees.

Management and professional services deal with management data collection, policy review or development, program development, review or evaluation, systems engineering and other management support services. Special studies and analyses deal with the highly specialized areas of agency activity, e.g., air quality, chemical, environmental, geophysical, oceanological, technological, and etc. Management and support services for research and development are procurement actions that meet the description of management and professional services or special studies and analyses but are funded under research and development.

* NOTE: The Object Class 25.1 in MAX reflects Consultants only. It does not include Management & Professional Support Services; Studies, Analysis and Evaluation; and Engineering & Technical Services which are also defined in the A-11 as Consulting Services.

NOAA CORPS: ($673,000) - The NOAA Corps Operations will use structural engineering services for the Aircraft Operations Center. These funds will also be used for assessment of fleet logistics support, alternatives and related studies, plus the development of specifications and design for Repairs-to-Extend (RTEs), conversions, and new construction, including Marine Services surveys.

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
GOES Satellite Contingency Fund
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Appropriation Available, 1994	0	$0	0	$0
less: Obligations from prior years	0	0	0	0
plus: 1995 Adjustments to base	0	0	0	0
less: Unobligated balance, start of year	0	0	0	0
1995 Base	0	0	0	0
less: 1995 Administrative savings	0	0	0	0
plus: 1995 Program changes	0	0	0	0
1995 Estimate	0	0	0	0

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
Comparison by activity		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
GOES Satellite Contingency Fund	Pos./BA	0	$0	0	$0	0	$0	0	$0	0	$0
	FTE/Obl.	0	15,500	0	0	0	0	0	0	0	0
Direct Obligations	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	15,500	0	0	0	0	0	0	0	0
Adjustments for:											
Recoveries		0	0	0	0	0	0	0	0	0	0
Unobligated balance, start of year		0	(90,516)	0	(75,016)	0	(75,016)	0	(75,016)	0	0
Unobligated balance, transferred		0	0	0	0	0	0	0	0	0	0
Unobligated balance, end of year		0	75,016	0	75,016	0	75,016	0	75,016	0	0
Unobligated balance, expiring		0	0	0	0	0	0	0	0	0	0
Financing from transfers:											
Transfer from other accounts		0	0	0	0	0	0	0	0	0	0
Transfer to other accounts		0	0	0	0	0	0	0	0	0	0
Appropriation		0	0	0	0	0	0	0	0	0	0

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
GOES Satellite Contingency Fund
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Estimate	1994 Currently Available	1995 Base	1995 Estimate	Increase/ Decrease
Total Obligations	15,500	0	0	0	0
Offsetting Collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	0	0	0	0	0
Unobligated balance, start of year	(90,516)	(75,016)	(75,016)	(75,016)	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	75,016	75,016	75,016	75,016	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	0	0	0	0	0
Financing:	0	0	0	0	0
Transfers to/from other accounts	0	0	0	0	0
Appropriation	0	0	0	0	0

Department of Commerce
National Oceanic and Atmospheric Administration
Geostationary Operational Environemtnal Satellite Fund
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity:	**Geostationary Operational Environmental Satellite Fund**
Subactivity:	**Geostationary Operational Environmental Satellite Fund**

Goal Statement

The goal of the Geostationary Operational Environmental Satellite (GOES) Contingency Fund is to maintain geostationary (GOES) meteorological satellite coverage of the United States for monitoring and prediction of hurricanes and severe storms. The fund was established because the current geostationary satellite, GOES 7, may fail before the GOES I-M satellite series is available for operational service.

Proposal Legislation

No Legislation is proposed.

Base Program

The GOES Contingency Fund was established at a level of $110 million in the 1992 Appropriations Act (P.L. 102-140, p. 105 STAT 800) to remain available until expended for costs necessary to maintain NOAA geostationary meteorological satellite coverage for monitoring and prediction of hurricanes and severe storms, including, but not limited to the procurement of gap filler satellites, launch vehicles, and payments to foreign governments. These funds shall not become available for obligation until the Secretary of Commerce notifies the Appropriations Subcommittees of the House and Senate that a requirement for these funds exists through the reprogramming provisions.

The use of $21,485,000 in FY 1992 and $16,575,000 in FY 1993 has been approved by the Congress to fund METEOSAT equipment and operations, as well as the "No GOES" activities of the National Weather Service. A balance of $71,940,000 remains available. Funding will be requested from this fund in FY 1994 for the continued operation of the joint U.S./European Meteosat program.

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
GOES Satellite Contingency Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	0	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation	0	0	0	0	0
11.8	Special personnel services payments	0	0	0	0	0
12.9	Total personnel compensation	0	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0	0
13	Benefits for former personel	0	0	0	0	0
21	Travel and transportation of persons	19	0	0	0	0
22	Transportation of things	44	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0	0
23.2	Rental payments to others	0	0	0	0	0
23.3	Commun., util., misc. charges	69	0	0	0	0
24	Printing and reproduction	0	0	0	0	0
25.1	Consulting services	0	0	0	0	0
25.2	Other services	11,702	0	0	0	0
25.3	Purchase of goods and services from Gov't accounts	0	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0
26	Supplies and materials	1,357	0	0	0	0
31	Equipment	2,249	0	0	0	0
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	60	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0	0
43	Interest and dividends	0	0	0	0	0
44	Refunds	0	0	0	0	0
99	**Total Obligations**	15,500	0	0	0	0

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Develop Fishery Products and Research Pertaining to American Fisheries
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Appropriation Available, 1994	0	7,144	0	7,747
less: Obligations from prior years				(603)
plus: 1995 Adjustments to base				
less: Prior year recoveries				0
1995 Base	0	7,144	0	7,144
less: Administrative savings				
less: FTE savings				
plus: 1995 Program changes		(744)		(744)
1995 Estimate	0	6,400	0	6,400

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
Comparison by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Fishing Vessel and Gear Damage Fund											
Build Sustainable U.S. Fisheries											
Managing for Economic Growth	Pos./BA	0	6,408	0	7,144	0	7,144	0	6,400	0	(744)
	FTE/Obl.	7	7,424	0	7,747	0	7,144	0	6,400	0	(744)
Direct Obligations	Pos./BA	0	6,408	0	7,144	0	7,144	0	6,400	0	(744)
	FTE/Obl.	7	7,424	0	7,747	0	7,144	0	6,400	0	(744)
Adjustments for:											
Recoveries			(584)								
Unobligated balance, start of year			(1,035)		(603)						
Unobligated balance transferred											
Unobligated balance, end of year			603								
Unobligated balance expiring											
Financing from transfers:											
Transfer from other accounts			(61,408)		(61,944)		(61,944)		(61,900)		44
Transfer to other accounts			55,000		54,800		54,800		55,500		700
Appropriation		7	0		0	0	0	0	0	0	0

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Develop Fishery Products and Research Pertaining to American Fisheries
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ Decrease/ over 1995 Base
Total Obligations	7,424	7,747	7,144	6,400	(744)
Offsetting collections from:					
Federal funds	0				
Trust funds					
Non-Federal sources					
Recoveries	(584)	(603)			
Unobligated balance, start of year	(1,035)	0			
Unobligated balance transferred					
Unobligated balance, end of year	603				
Unobligated balance expiring					
Budget Authority	6,408	7,144	7,144	6,400	(744)
Financing:					
Transfer from other accounts	(61,408)	(61,944)	(61,944)	(61,900)	44
Transfer to other accounts	55,000	54,800	54,800	55,500	700
Appropriation	0	0	0	0	0

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Develop Fisheries Products
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity:	**Build Sustainable Fisheries**
Subactivity:	**Promote and Develop Fisheries Products**

Goal Statement

Promote and develop fishery products and research pertaining to American fisheries (Saltonstall-Kennedy (S-K) Grants).

Proposed Legislation

No legislation is proposed.

Base Program FY 1995

This program was authorized by the American Fisheries Promotion Act of 1980 and has provided substantial assistance to address impediments in the management and development of the Nation's living marine resources. Funds are collected by the Department of Agriculture from tariffs on foreign fishery products. Thirty percent of these collections are transferred to NOAA to offset the Operations, Research and Facilities (OR&F) account or to provide funding for grants for the development of U.S. Fisheries. The FY 1995 transfer is estimated to be $61.9 million. In FY 1995 NOAA proposes to maintain the S-K grant program at the FY 1993 level of $6,400,000, including necessary costs of program administration. The S-K grants program will be focused in FY 1995 on projects designed to build sustainable fisheries. The remaining $55.5 million from the transfer will be used to offset the appropriation requirements of the Operations, Research and Facilities (OR&F) account.

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Promote and Develop Fisheries Products	0	$7,144	0	6,400	0	($744)

Program Decrease (-$744,000): NOAA requests a decrease of $744,000 for the S-K grant program. The proposed decrease would return the program to the FY 1993 level. Thus, for FY 1995, NOAA proposes that $6.4 million of the transfer from the Department of Agriculture be used to fund grants for the development of sustainable U.S. fisheries. The request to retain budget authority within the Promote and Develop Fisheries Products program is based on the structure of this program as an ideal venue to advance fisheries technological applications. This program will support projects to: fully utilize living marine resources available to commercial and recreational fishing industries; develop fishing gear to reduce bycatch; develop aquaculture for wild stock enhancement; aid in the transfer of harvesting effort from over harvested to under utilized fisheries, and address the social and economic impacts of reduced fishing levels on domestic harvesters and processors and meet other national and regional priorities as outlined in the annual solicitation request. (This decrease is included in the Build Sustainable Fisheries program.)

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Promote And Develop Fisheries Products And Research Pertaining To American Fisheries
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations amounts in thousands)

Element: Build Sustainable U. S. Fisheries
Program Change: Managing for Economic Growth

	Object Class	1995 Change
11	Personnel compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	Total personnel compensation	
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	
25.1	Consulting services	
25.2	Other services	
26	Supplies and materials	
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	
42	Insurance claims and indemnities	(744)
43	Interest and dividends	
44	Refunds	
99	Total obligations	(744)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Develop Fishery Products and Research Pertaining to American Fisheries
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
11	Personnel compensation					
11.1	Full-time permanent	796				
11.3	Other than full-time permanent					
11.5	Other personnel compensation					
11.8	Special personnel services payments					
11.9	Total personnel compensation	796				
12.1	Civilian personnel benefits	142				
13	Benefits for former personnel					
21	Travel and transportation of persons	82				
22	Transportation of things					
23.1	Rental payments to GSA					
23.2	Rental payments to others					
23.3	Commun., util., misc. charges	5				
24	Printing and reproduction	70				
25.1	Consulting services	30				
25.2	Other services	9				
26	Supplies and materials	16				
31	Equipment					
32	Lands and structures					
33	Investments and loans					
41	Grants, subsidies and contributions					
42	Insurance claims and indemnities	6,274	7,747	7,144	6,400	(744)
43	Interest and dividends					
44	Refunds					
99	**Total Obligations**	7,424	7,747	7,144	6,400	(744)
	Less prior year recoveries					
	Total Budget Authority	7,424	7,747	7,144	6,400	(744)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Develop Fishery Products and Research Pertaining to American Fisheries
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
Personnel Data					
Full-Time equivalent Employment					
Full-time permanent	7				
Other than full-time permanent					
Total	7				
Authorized Positions:					
Full-time permanent					
Other than full-time permanent					
Total					

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Dvelop Fishery Products and Research Pertaining, to American Fisheries
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	0	0	0
	Senior Executive Service	0	0	0	0
	General schedule	0	0	0	0
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Students	0	0	0	0
	Subtotal	0	0	0	0
11.3	Other than full-time permanent				
	General schedule	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	0	0	0
11.5	Other personnel compensation				
	Overtime	0	0	0	0
	Cash awards	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Dvelop Fishery Products and Research Pertaining, to American Fisheries
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	0	0	0	0
	Federal Employee Retirement	0	0	0	0
	Medicare	0	0	0	0
	Thrift savings plan	0	0	0	0
	Federal insurance contribution act	0	0	0	0
	Health insurance	0	0	0	0
	Life insurance	0	0	0	0
	Overseas allowance (COLA)	0	0	0	0
	Employees comp fund (bec)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
13.0	Benefits for former personnel				
	Retired Pay	0	0	0	0
	Health benefits	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Aircraft rental	0	0	0	0
	GSA vehicles	0	0	0	0
	Administrative travel	0	0	0	0
	Program travel	0	0	0	0
	Subtotal	0	0	0	0
22	Transportation of things				
	Trans of household goods	0	0	0	0
	GSA trucks	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Dvelop Fishery Products and Research Pertaining, to American Fisheries
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities and miscel laneous charges				
	Utility services	0	0	0	0
	Aircraft charter	0	0	0	0
	Vessel charter	0	0	0	0
	Rental of office copying equipment	0	0	0	0
	Rental of ADP equipment	0	0	0	0
	Federal telecommunications system	0	0	0	0
	Other telecommunications services	0	0	0	0
	Postal services by USPS	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
24	Printing and reproduction				
	Publications	0	0	0	0
	Public use forms	0	0	0	0
	Enevelopes	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.1	Consulting services	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Dvelop Fishery Products and Research Pertaining, to American Fisheries
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
25.2	Other services				
	Aircraft repair	0	0	0	0
	Vessel repair	0	0	0	0
	Contracts for research	0	0	0	0
	Maintenance of equipment	0	0	0	0
	Training:	0	0	0	0
	University training	0	0	0	0
	CS commission training	0	0	0	0
	Other	0	0	0	0
	Substation observers	0	0	0	0
	Other Federal Agencies	0	0	0	0
	GSA alterations	0	0	0	0
	Working capital fund	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.3	Purchases of goods & services from Gov't accounts				
	Office of Personnel Management Training	0	0	0	0
	GSA reimbursable services	0	0	0	0
	Payments to FA, WCF	0	0	0	0
	Subtotal	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0
25.5	Research and development contracts	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Promote and Dvelop Fishery Products and Research Pertaining, to American Fisheries
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
26	Supplies and materials				
	Chart paper		0	0	0
	Met. upper air	0	0	0	0
	Maintenance of vessel	0	0	0	0
	Gases	0	0	0	0
	Fuel	0	0	0	0
	ADP supplies	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
31	Equipment				
	Office machines and equipment	0	0	0	0
	ADP hardware	0	0	0	0
	Other capitalized	0	0	0	0
	Depreciation on capitalized equipment	0	0	0	0
	Non-capitalized	0	0	0	0
	Subtotal	0	0	0	0
32	Lands and structures				
	Land	0	0	0	0
	Building and Other Structures	0	0	0	0
	Depreciation of Building	0	0	0	0
	Subtotal lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities	0	7,144	6,400	(744)
43	Interest/dividends..	0	0	0	0
44	Refunds	0	0	0	0
99	Total Direct Obligations	0	7,144	6,400	(744)

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Appropriation, Available, 1994	4	1,273	4	1,947
less: Obligations from prior years				
plus: 1995 Adjustments to base		1		1
less: unobligated balance, start of year				(674)
1995 Base	4	1,274	4	1,274
less: Administrative savings				
less: FTE savings				
plus: 1995 Program changes		(1)		(1)
1995 Estimate	4	1,273	4	1,273

Comparison by activity:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Fishing Vessel and Gear Damage Fund											
Build Sustainable U.S. Fisheries											0
Managing for Economic Growth	Pos./BA	4	1,306	4	1,273	4	1,274	4	1,273	0	(1)
	FTE/Obl.	4	1,067	4	1,947	4	1,274	4	1,273	0	(1)
Direct Obligations	Pos./BA	4	1,306	4	1,273	4	1,274	4	1,273	0	(1)
	FTE/Obl.	4	1,067	4	1,947	4	1,274	4	1,273	0	(1)
Adjustments for:											
Recoveries			(1)								
Unobligated balance, start of year			(434)		(674)						
Unobligated balance transferred											
Unobligated balance, end of year			674		0						
Unobligated balance expiring											
Financing from transfers:											
Transfer from other accounts											
Transfer to other accounts											
Appropriation		4	1,306	4	1,273	4	1,274	4	1,273	0	(1)

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Curently Available	1995 Base	1995 Estimate	Increase/ Decrease/ over 1995 Base
Total Obligations	1,067	1,947	1,274	1,273	(1)
Offsetting collections from:					
Federal funds	0				
Trust funds					
Non-Federal sources					
Recoveries	(1)				
Unobligated balance, start of year	(434)	(674)			
Unobligated balance transferred					
Unobligated balance, end of year	674				
Unobligated balance expiring					
Budget Authority	1,306	1,273	1,274	1,273	(1)
Financing:					
Transfer from other accounts					
Transfer to other accounts					
Appropriation	1,306	1,273	1,274	1,273	(1)

Exhibit 8

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Fund
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

Adjustment	FTE	Amount
1995 Pay raise		2
One less compensable day		(1)
Total, adjustments to base		1

Exhibit 9

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Fund
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments			FTE	Amount
1112	1995 pay increase and related costs			1,000
	A general pay raise off 2% is assumed to be effective January 1, 1995.			
	Annual cost of the January 1995 pay increase	3,000		
	Less amount absorbed in FY 1995	0		
	Less amount for period October 1994 – December 1994.	(1,000)		
	Payment to Working Capital fund	0		
	Total, adjustment for 1995 pay increase	2,000		
	Compensable Days			
	A decrease is requested due to one less compensable day in 1995 compared to 1994. The amount is calculated by dividing the 1994 estimated personnel compensation and applicable benefits by the number of paid days in 1994.			
	1994 Compensation	165,000		
	1994 Benefits	27,000		
	Subtotal	192,000		
	Number of paid days in 1994	261		
	ATB	(736)		

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: **Fishing Vessel and Gear Damage Compensation Fund**
Subactivity: **Fishing Vessel and Gear Damage Compensation Fund**

Goal Statement

The goals of this appropriation are: to compensate domestic fishermen and vessel owners who sustain losses or damage to their gear or vessels attributed to foreign or other domestic fishing vessels in the United States Exclusive Economic Zone (EEZ); to provide for timely resolution of claims by vessel owners; and to administer the Fund's resources efficiently and effectively.

Proposed Legislation

No legislation is proposed.

Base Program FY 1995

Explanation and Justification: The Fishing Vessel and Gear Damage Compensation Fund is authorized by Section 10 of the Fishermen's Protective Act of 1967, as amended (P.L. 95-376 and P.L. 96-561). It compensates U.S. fishermen whose gear or vessel has been damaged, lost, or destroyed due to a foreign vessels; or whose gear has been lost, damaged or destroyed due to any domestic vessel.

Statement of Operating Objectives: NOAA administers the Fund and indemnifies domestic fishermen against the commercially uninsurable loss or damage of fishing gear or vessels caused by foreign or domestic vessels and a portion of the associated economic loss. The risk of losing or damaging expensive fishing gear or vessels is a major destabilizing factor in some fisheries. Monies paid into this Fund include: (1) surcharges not to exceed 20 percent of the fee imposed for any foreign fishing vessel permit issued under the Magnuson Fishery Conservation and Management Act;(2) administrative fees paid by claimants; (3) revenues from deposits or investments of Fund balances not immediately required; and (4) funds not to exceed $5 million borrowed from the Treasury in the event the Fund balance is insufficient to pay claims. While funded totally by user fees, disbursements can be made only to the extend authorized by appropriation act.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Number of claims received	140	140	140
Number of claims processed	140	140	140

CHANGE FOR 1995
(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Fishing Vessel and Gear Damages Compensation Fund	4	$1,274	4	$1,273	0	(1)

Program Decrease: (0 FTE and $1,000: NOAA requests a decrease of $1,000 for the Fishing Vessel and Gear Damage Compensation Fund associated with reduced program requirements. (This decreases is included in the Build Sustainable Fisheries Program.)

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations amounts in thousands)

Element: Build Sustainable U. S. Fisheries
Program Change: Managing for Economic Growth

	Object Class	1995 Change
11	Personnel compensation	
11.1	Full-time permanent	(1)
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	(1)
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	
25.1	Consulting services	
25.2	Other services	
26	Supplies and materials	
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	(1)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

		1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
11	Personnel compensation					
11.1	Full-time permanent	174	318	209	208	(1)
11.3	Other than full-time permanent					
11.5	Other personnel compensation					
11.8	Special personnel services payments					
11.9	Total personnel compensation	174	318	209	208	(1)
12.1	Civilian personnel benefits	30	54	29	29	
13	Benefits for former personnel					
21	Travel and transportation of persons					
22	Transportation of things					
23.1	Rental payments to GSA					
23.2	Rental payments to others					
23.3	Commun., util., misc. charges	2	4			
24	Printing and reproduction					
25.1	Consulting services					
25.2	Other services					
26	Supplies and materials					
31	Equipment					
32	Lands and structures					
33	Investments and loans					
41	Grants, subsidies and contributions					
42	Insurance claims and indemnities	861	1,571	1,036	1,036	
43	Interest and dividends					
44	Refunds					
99	**Total Obligations**	1,067	1,947	1,274	1,273	(1)
	Less prior year recoveries		(674)			
	Total Budget Authority	1,067	1,273	1,274	1,273	(1)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
Personnel Data					
Full-Time equivalent Employment:					
Full-time permanent	4	4	4	4	
Other than full-time permanent					
Total	4	4	4	4	
Authorized Positions:					
Full-time permanent	4	4	4	4	
Other than full-time permanent					
Total	4	4	4	4	

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	0	0	0
	Senior Executive Service	0	0	0	0
	General schedule	0	209	208	(1)
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-31 3)	0	0	0	0
	Students	0	0	0	0
	Subtotal	0	209	208	(1)
11.3	Other than full-time permanent				
	General schedule	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	0	0	0
11.5	Other personnel compensation				
	Overtime	0	0	0	0
	Cash awards	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	0	209	208	(1)

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	0	0	0	0
	Federal Employee Retirement	0	4	4	0
	Medicare	0	0	0	0
	Thrift savings plan	0	1	1	0
	Federal insurance contribution act	0	2	2	0
	Health insurance	0	2	2	0
	Life insurance	0	0	0	0
	Overseas allowance (COLA)	0	0	0	0
	Employees comp fund (bec)	0	0	0	0
	Other	0	20	20	0
	Subtotal	0	29	29	0
13.0	Benefits for former personnel				
	Retired Pay	0	0	0	0
	Health benefits	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Aircraft rental	0	0	0	0
	GSA vehicles	0	0	0	0
	Administrative travel	0	0	0	0
	Program travel	0	0	0	0
	Subtotal	0	0	0	0
22	Transportation of things				
	Trans of household goods	0	0	0	0
	GSA trucks	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities and miscellaneous charges				
	Utility services	0	0	0	0
	Aircraft charter	0	0	0	0
	Vessel charter	0	0	0	0
	Rental of office copying equipment	0	0	0	0
	Rental of ADP equipment	0	0	0	0
	Federal telecommunications system	0	0	0	0
	Other telecommunications services	0	0	0	0
	Postal services by USPS	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
24	Printing and reproduction				
	Publications	0	0	0	0
	Public use forms	0	0	0	0
	Enevelopes	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.1	Consulting services	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
25.2	Other services				
	Aircraft repair	0	0	0	0
	Vessel repair	0	0	0	0
	Contracts for research	0	0	0	0
	Maintenance of equipment	0	0	0	0
	Training:	0	0	0	0
	University training	0	0	0	0
	CS commission training	0	0	0	0
	Other	0	0	0	0
	Substation observers	0	0	0	0
	Other Federal Agencies	0	0	0	0
	GSA alterations	0	0	0	0
	Working capital fund	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.3	Purchases of goods & services from Gov't accounts				
	Office of Personnel Management Training	0	0	0	0
	GSA reimbursable services	0	0	0	0
	Payments to FA, WCF	0	0	0	0
	Subtotal	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0
25.5	Research and development contracts	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishing Vessel and Gear Damage Compensation Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
26	Supplies and materials				
	Chart paper	0	0	0	0
	Met. upper air	0	0	0	0
	Maintenance of vessel	0	0	0	0
	Gases	0	0	0	0
	Fuel	0	0	0	0
	ADP supplies	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
31	Equipment				
	Office machines and equipment	0	0	0	0
	ADP hardware	0	0	0	0
	Other capitalized	0	0	0	0
	Depreciation on capitalized equipment	0	0	0	0
	Non-capitalized	0	0	0	0
	Subtotal	0	0	0	0
32	Lands and structures				
	Land	0	0	0	0
	Building and Other Structures	0	0	0	0
	Depreciation of Building	0	0	0	0
	Subtotal lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities	0	1,036	1,036	0
43	Interest/dividends..	0	0	0	0
44	Refunds	0	0	0	0
99	Total Direct Obligations	0	1,274	1,273	(1)

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Amount Currently Available, 1994	1	999	1	2,000
less: Obligations from prior years	0	0	0	0
plus: 1995 Adjustments to base	0	0	0	0
less: Unobligated balance, start of year	0	0	0	(1,001)
1995 Base	1	999	1	999
less: 1995 Administrative savings	0	0	0	0
plus: 1995 Program changes	0	0	0	0
1995 Estimate	1	999	1	999

Comparison by activity		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Build Sustainable U.S. Fisheries											
Fishermen's Contingency Fund	Pos./BA	1	1,025	1	999	1	999	1	999	0	0
	FTE/Obl.	1	512	1	2000	1	999	1	999	0	0
Direct Obligations	Pos./BA	1	1,025	1	999	1	999	1	999	0	0
	FTE/Obl.	1	512	1	2,000	1	999	1	999	0	0
Adjustments for:											
Recoveries		0	(5)	0	0	0	0	0	0	0	0
Unobligated balance, start of year		0	(483)	0	(1,001)	0	0	0	0	0	0
Unobligated balance, transferred		0	0	0	0	0	0	0	0	0	0
Unobligated balance, end of year		0	1,001	0	0	0	0	0	0	0	0
Unobligated balance, expiring		0	0	0	0	0	0	0	0	0	0
Financing from transfers:											
Transfer from other accounts		0	0	0	0	0	0	0	0	0	0
Transfer to other accounts		0	0	0	0	0	0	0	0	0	0
Appropriation		1	1,025	1	999	1	999	1	999	0	0

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Estimate	1994 Currently Available	1995 Base	1995 Estimate	Increase/ Decrease
Total Obligations	512	2,000	999	999	0
Offsetting Collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(5)	0	0	0	0
Unobligated balance, start of year	(483)	(1,001)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	1,001	0	0	0	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	1,025	999	999	999	0
Financing:	0	0	0	0	0
Transfers to/from other accounts	0	0	0	0	0
Appropriation	1,025	999	999	999	0

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity:	**Fishermen's Contingency Fund**
Subactivity:	**Fishermen's Contingency Fund**

Vision Statement

This fund compensates domestic fishermen for damage or loss of fishing gear or vessels due to obstructions related to oil or gas exploration, development, and production on the Outer Continental Shelf (OCS), minimizes financial instability of the fishing industry caused by competing uses of the OCS, and provides for timely resolution of claims by vessel owners.

Proposed Legislation

No legislation is proposed.

Base Program FY 1995

Explanation and Justification: Title IV of the Outer Continental Shelf Lands Act Amendments of September 18, 1978, (P.L. 95-372, Section 402) as amended, established the Fishermen's Contingency Fund. The Fund is to be used by the Secretary of Commerce to compensate domestic fishermen for the damage or loss of fishing gear or vessels (up to an insurance deductible), and any resulting economic loss due to natural obstructions or man-made obstructions related to oil and gas exploration, development, and production in any area of the Outer Continental Shelf.

Statement of Operating Objectives: For purposes of administration, the Secretary of Commerce is authorized to establish the Fishermen's Contingency Fund to pay claims and to request assessment by the Secretary of the Interior of the oil and gas industry to capitalize the Fund. Any holder of a lease, exploration permit, easement, or right of way on the Outer Continental Shelf is required to pay to the Secretary of the Interior an amount not to exceed $5,000 per lease, permit, easement, or right of way per calendar year. The Secretary of the Interior deposits these collections in the Fishermen's Contingency Fund established by the Secretary of Commerce.

Title IV stipulates that amounts available can be disbursed only to the extent provided for by appropriations acts.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Number of claims received	132	130	130
Number of claims processed	84	130	130

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	50	144	72	72	0
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation	0	0	0	0	0
11.8	Special personnel services payments	0	0	0	0	0
12.9	Total personnel compensation	50	144	72	72	0
12.1	Civilian personnel benefits	9	24	12	12	0
13	Benefits for former personel	0	0	0	0	0
21	Travel and transportation of persons	6	10	5	5	0
22	Transportation of things	0	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0	0
23.2	Rental payments to others	0	0	0	0	0
23.3	Commun., util., misc. charges	0	0	0	0	0
24	Printing and reproduction	0	0	0	0	0
25.1	Consulting services	0	0	0	0	0
25.2	Other services	0	0	0	0	0
25.3	Purchase of goods and services from Gov't account	0	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0
26	Supplies and materials	0	0	0	0	0
31	Equipment	0	0	0	0	0
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0	0
42	Insurance claims and indemnities	447	1,822	910	910	0
43	Interest and dividends	0	0	0	0	0
44	Refunds	0	0	0	0	0
99	**Total Obligations**	512	2,000	999	999	0

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Personnel Data	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
Full-time Equivalent Employment:					
Full-time permanent	1	1	1	1	0
Other than full-time permanent	0	0	0	0	0
Total	1	1	1	1	0
Authorized Positions:					
Full-time permanent	1	1	1	1	0
Other than full-time permanent	0	0	0	0	0
Total	1	1	1	1	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	36	36	0
	Senior Executive Service	0	0	0	0
	General schedule	0	0	0	0
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Students	0	0	0	0
	Subtotal	0	36	36	0
11.3	Other than full-time permanent				
	General schedule	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	0	0	0
11.5	Other personnel compensation				
	Overtime	0	0	0	0
	Cash awards	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	0	36	36	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	0	0	0	0
	Federal Employee Retirement	0	0	0	0
	Medicare	0	0	0	0
	Thrift savings plan	0	0	0	0
	Federal insurance contribution act	0	0	0	0
	Health insurance	0	0	0	0
	Life insurance	0	0	0	0
	Overseas allowance (COLA)	0	0	0	0
	Employees comp fund (bec)	0	0	0	0
	Other	0	10	10	0
	Subtotal	0	10	10	0
13.0	Benefits for former personnel				
	Retired Pay	0	0	0	0
	Health benefits	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Aircraft rental	0	0	0	0
	GSA vehicles	0	0	0	0
	Administrative travel	0	0	0	0
	Program travel	0	0	0	0
	Subtotal	0	0	0	0
22	Transportation of things				
	Trans of household goods	0	0	0	0
	GSA trucks	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities and miscellaneous charges				
	Utility services	0	0	0	0
	Aircraft charter	0	0	0	0
	Vessel charter	0	0	0	0
	Rental of office copying equipment	0	0	0	0
	Rental of ADP equipment	0	0	0	0
	Federal telecommunications system	0	0	0	0
	Other telecommunications services	0	0	0	0
	Postal services by USPS	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
24	Printing and reproduction				
	Publications	0	0	0	0
	Public use forms	0	0	0	0
	Enevelopes	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.1	Consulting services	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
25.2	Other services				
	Aircraft repair	0	0	0	0
	Vessel repair	0	0	0	0
	Contracts for research	0	0	0	0
	Maintenance of equipment	0	0	0	0
	Training:	0	0	0	0
	University training	0	0	0	0
	CS commission training	0	0	0	0
	Other	0	0	0	0
	Substation observers	0	0	0	0
	Other Federal Agencies	0	0	0	0
	GSA alterations	0	0	0	0
	Working capital fund	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.3	Purchases of goods & services from Gov't accounts				
	Office of Personnel Management Training		0	0	
	GSA reimbursable services	0	0	0	
	Payments to FA, WCF	0	0	0	
	Subtotal	0	0	0	0
25.4	Operation of GOCOs	0	0	0	
25.5	Research and development contracts	0	0	0	

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund

DETAILED REQUIREMENTS BY OBJECT CLASS

(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
26	Supplies and materials				
	Chart paper		0	0	0
	Met. upper air	0	0	0	0
	Maintenance of vessel		0	0	0
	Gases	0	0	0	0
	Fuel		0	0	0
	ADP supplies	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
31	Equipment				
	Office machines and equipment		0	0	0
	ADP hardware		0	0	0
	Other capitalized	0	0	0	0
	Depreciation on capitalized equipment		0	0	0
	Non-capitalized	0	0	0	0
	Subtotal	0	0	0	0
32	Lands and structures				
	Land		0	0	0
	Building and Other Structures		0	0	0
	Depreciation of Building		0	0	0
	Subtotal lands and structures	0	0	0	0
33	Investments and loans		0	0	0
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities		953	953	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
43	Interest/dividends..		0	0	0
44	Refunds	0	0	0	0
99	Total Direct Obligations	0	999	999	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Fishermen's Contingency Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	0	999	999	0
FTE	0	1	1	0
Positions	0	1	1	0

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Amount Currently Available, 1994	5	550	5	930
less: Obligations from prior years	0	0	0	0
plus: 1995 Adjustments to base	0	7	0	7
less: Unobligated balance, start of year	0	0	0	(380)
1995 Base	5	557	5	557
less: 1995 Administrative savings	0	(15)	0	(15)
plus: 1995 Program changes	0	(142)	0	(142)
1995 Estimate	5	400	5	400

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
Comparison by activity		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Build Sustainable U.S. Fisheries											
Foreign Fishing Observer Fund	Pos./BA	5	565	5	550	5	557	5	400	0	(157)
	FTE/Obl.	5	276	5	930	5	557	5	400	0	(157)
Direct Obligations	Pos./BA	5	565	5	550	5	557	5	400	0	(157)
	FTE/Obl.	5	276	5	930	5	557	5	400	0	(157)
Adjustments for:											
Recoveries		0	(5)	0	0	0	0	0	0	0	0
Unobligated balance, start of year		0	(86)	0	(380)	0	0	0	0	0	0
Unobligated balance, transferred		0	0	0	0	0	0	0	0	0	0
Unobligated balance, end of year		0	380	0	0	0	0	0	0	0	0
Unobligated balance, expiring		0	0	0	0	0	0	0	0	0	0
Unobligated balance, rescinded		0	0	0	0	0	0	0	0	0	0
Financing from transfers:											
Transfer from other accounts		0	0	0	0	0	0	0	0	0	0
Transfer to other accounts		0	0	0	0	0	0	0	0	0	0
Appropriation		5	565	5	550	5	557	5	400	0	(157)

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ Decrease
Total Obligations	276	930	557	400	(157)
Offsetting Collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(5)	0	0	0	0
Unobligated balance, start of year	(86)	(380)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	380	0	0	0	0
Unobligated balance, expiring	0	0	0	0	0
Unobligated balance, rescinded	0	0	0	0	0
Budget Authority	565	550	557	400	(157)
Financing:	0	0	0	0	0
Transferred to/from other accounts	0	0	0	0	0
Appropriation	565	550	557	400	(157)

Exhibit 8

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fish Observer Fund
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

Adjustment	FTE	Amount
Locality Pay		6
1995 Pay raise		2
One less compensable day		(1)
Total, adjustments to base		7

Exhibit 9

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments			FTE	Amount
1112	1995 pay increase and related costs			1,000
	A general pay raise off 2% is assumed to be effective January 1, 1995.			
	Annual cost of the January 1995 pay increase	3,000		
	Less amount absorbed in FY 1995	0		
	Less amount for period October 1994–December 1994.	(1,000)		
	Payment to Working Capital fund	0		
	Total, adjustment for 1995 pay increase	2,000		
	Compensable Days			
	A decrease is requested due to one less compensable day in 1995 compared to 1994. The amount is calculated by dividing the 1994 estimated personnel compensation and applicable benefits by the number of paid days in 1994.			
	1994 Compensation	126,000		
	1994 Benefits	20,000		
	Subtotal	146,000		
	Number of paid days in 1994	261		
	ATB	(559)		
	Locality Pay			6,000

Department of Commerce
National Oceanic and Atmospharic Administration
Foreign Fishing Observer Fund
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: **National Marine Fisheries Service**
Subactivity: **Foreign Fishing Observer Fund**

Goal Statement

The goals of this fund are: to provide 100 percent observer coverage aboard foreign vessels fishing within the United States' Exclusive Economic Zone (EEZ); to increase compliance with fishery regulations and requirements; to support balanced conservation and management measures to achieve and maintain the optimum use of our living marine resources; to collect data to determine foreign compliance with fishery regulations and the status of fish stocks within the EEZ of the United States; and to administer the base and supplemental observer programs in a cost-effective manner.

Proposed Legislation

No legislation is proposed.

Base Program FY 1995

The Foreign Fishing Observer Fund was authorized by Public Law 96-339, which amended the Atlantic Tunas Convention Act of 1975, and the American Fisheries Promotion Act of 1980, (Public Law 96-561), which amended the Magnuson Fishery Conservation and Management Act (MFCMA). The fund is financed through fees collected from foreign governments with vessels fishing within the exclusive fishery jurisdiction of the United States. The fund is used by NOAA to pay salaries, administrative costs, data editing and entry costs, and other costs incurred in placing observers aboard foreign fishing vessels. This includes long-line vessels fishing in the Atlantic billfish and shark fisheries and other foreign fishing vessels fishing within the EEZ of the United States. Such fishing requires a permit issued under the MFCMA. The observer program is conducted primarily through contracts with the private sector. NOAA places these observers aboard foreign fishing vessels to collect scientific information and to monitor compliance with the fishery management measures. Amounts available in the Fund can be disbursed only to the extent and in amounts provided for in advance in appropriation acts.

Beginning in FY 1985, Congress approved the establishment of a supplemental observer program. The program provided that foreign vessels without Federally-funded observers will be required to obtain the services of private individuals certified by the Secretary of Commerce.

Measures of Performance

	1993 Actual	1994 Estimate	1995 Estimate
Percent observer coverage of foreign fishing within the U.S. EEZ as required by the:			
- Atlantic Tuna Convention Act	100	100	100
- American Fisheries Promotion Act	100	100	100

NOTE: This performance data represents the combined impact of appropriated funds and direct contracting by foreign governments.

CHANGE FOR 1995

(Dollar amounts in thousands)

	1995 Base		1995 Estimate		Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Foreign Fishing Observer Fund	5	557	5	400	0	(157)

Program Decreases: (0 FTE and $157,000): NOAA requests a decrease of $157,000 for the Foreign Fishing Observer Fund associated with reduced program requirements due to the lack of foreign fishing activity in the EEZ (- $142,000) and administrative savings due to more efficient operations (- $15,000). (This decrease is included in the Build Sustainable Fisheries program.)

Exhibit 15

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Initiative: **Build Sustainable U.S. Fisheries**

	Object Class	1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	**Total personnel compensation**	
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payments to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	
25.1	Consulting services	
25.2	Other services	(157)
25.3	Purchase of goods and services from Gov't accounts	
25.4	Operation of GOCOs	
25.5	Research and development contracts	
26	Supplies and materials	
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	**Total obligations**	(157)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS

(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	127	104	142	142	0
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation	0	0	0	0	0
11.8	Special personnel services payments	0	0	0	0	0
12.9	Total personnel compensation	127	104	142	142	0
12.1	Civilian personnel benefits	23	89	53	53	0
13	Benefits for former personel	0	0	0	0	0
21	Travel and transportation of persons	1	1	1	1	0
22	Transportation of things	1	1	1	1	0
23.1	Rental payments to GSA	0	0	0	0	0
23.2	Rental payments to others	6	14	14	14	0
23.3	Commun., util., misc. charges	0	0	0	0	0
24	Printing and reproduction	0	0	0	0	0
25.1	Consulting services	15	15	15	15	0
25.2	Other services	35	35	192	35	(157)
25.3	Purchase of goods and services from Gov't accounts	0	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0
26	Supplies and materials	68	671	139	139	0
31	Equipment	0	0	0	0	0
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0	0
43	Interest and dividends	0	0	0	0	0
44	Refunds	0	0	0	0	0
99	TOTAL	276	930	557	400	(157)

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Personnel Data	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
Full-time Equivalent Employment:					
Full-time permanent	5	5	5	5	0
Other than full-time permanent	0	0	0	0	0
Total	5	5	5	5	0
Authorized Positions:					
Full-time permanent	5	5	5	5	0
Other than full-time permanent	0	0	0	0	0
Total	5	5	5	5	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	142	142	0
	Senior Executive Service	0	0	0	0
	General schedule	0	0	0	0
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Students	0	0	0	0
	Subtotal	0	142	142	0
11.3	Other than full-time permanent				
	General schedule	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	0	0	0
11.5	Other personnel compensation				
	Overtime	0	0	0	0
	Cash awards	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	0	142	142	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	0	0	0	0
	Federal Employee Retirement	0	0	0	0
	Medicare	0	0	0	0
	Thrift savings plan	0	0	0	0
	Federal insurance contribution act	0	0	0	0
	Health insurance	0	0	0	0
	Life insurance	0	0	0	0
	Overseas allowance (COLA)	0	0	0	0
	Employees comp fund (bec)	0	0	0	0
	Other	1	53	53	0
	Subtotal	1	53	53	0
13.0	Benefits for former personnel				
	Retired Pay	0	0	0	0
	Health benefits	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Aircraft rental	0	0	0	0
	GSA vehicles	0	0	0	0
	Administrative travel	0	0	0	0
	Program travel	0	1	1	0
	Subtotal	0	1	1	0
22	Transportation of things				
	Trans of household goods	0	0	0	0
	GSA trucks	0	0	0	0
	Other	0	1	1	0
	Subtotal	0	1	1	0
23.1	Rental payments to GSA	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
23.2	Rental payments to others	0	14	14	0
23.3	Communications, utilities and miscellaneous charges				
	Utility services	0	0	0	0
	Aircraft charter	0	0	0	0
	Vessel charter	0	0	0	0
	Rental of office copying equipment	0	0	0	0
	Rental of ADP equipment	0	0	0	0
	Federal telecommunications system	0	0	0	0
	Other telecommunications services	0	0	0	0
	Postal services by USPS	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
24	Printing and reproduction				
	Publications	0	0	0	0
	Public use forms	0	0	0	0
	Enevelopes	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.1	Consulting services	0	15	15	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
25.2	Other services				
	Aircraft repair	0	0	0	0
	Vessel repair	0	0	0	0
	Contracts for research	0	0	0	0
	Maintenance of equipment	0	0	0	0
	Training:	0	0	0	0
	University training	0	0	0	0
	CS commission training	0	0	0	0
	Other	0	0	0	0
	Substation observers	0	0	0	0
	Other Federal Agencies	0	0	0	0
	GSA alterations	0	0	0	0
	Working capital fund	0	0	0	0
	Other	0	192	35	(157)
	Subtotal	0	192	35	(157)
25.3	Purchases of goods & services from Gov't accounts				
	Office of Personnel Management Training	0	0	0	0
	GSA reimbursable services	0	0	0	0
	Payments to FA, WCF	0	0	0	0
	Subtotal	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0
25.5	Research and development contracts	0	0	0	0
26	Supplies and materials				
	Chart paper	0	0	0	0
	Met. upper air	0	0	0	0
	Maintenance of vessel	0	0	0	0
	Gases	0	0	0	0
	Fuel	0	0	0	0
	ADP supplies	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	Other	0	139	139	0
	Subtotal	0	139	139	0
31	Equipment				
	Office machines and equipment	0	0	0	0
	ADP hardware	0	0	0	0
	Other capitalized	0	0	0	0
	Depreciation on capitalized equipment	0	0	0	0
	Non-capitalized	0	0	0	0
	Subtotal	0	0	0	0
32	Lands and structures				
	Land	0	0	0	0
	Building and Other Structures	0	0	0	0
	Depreciation of Building	0	0	0	0
	Subtotal lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0
43	Interest/dividends..	0	0	0	0
44	Refunds	0	0	0	0
99	Total Direct Obligations	1	557	400	(157)

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Foreign Fishing Observer Fund
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	1	557	400	(157)
FTE	0	5	5	0
Positions	0	5	5	0

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Coastal Zone Management Fund
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Appropriation Available, 1994	0	$0	0	$7,800
less: Obligations from prior years	0	0	0	0
plus: 1995 Adjustments to base	0	0	0	0
less: Unobligated balance, start of year	0	0	0	0
1995 Base	0	0	0	7,800
less: 1995 Administrative savings	0	0	0	0
plus: 1995 Program changes	0	0	0	0
1995 Estimate	0	0	0	7,800

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
Comparison by activity		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Coastal Ecosystems Health	Pos./BA	0	$0	0	$0	0	$0	0	$0	0	$0
	FTE/Obl.	0	7,800	0	7,800	0	7,800	0	7,800	0	0
Direct Obligations	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl.	0	7,800	0	7,800	0	7800	0	7800	0	0
Adjustments for:											
Recoveries		0	(517)	0	0	0	0	0	0	0	0
Unobligated balance, start of year		0	(10,738)	0	(11,255)	0	(11,255)	0	(11,255)	0	0
Unobligated balance, transferred		0	0	0	0	0	0	0	0	0	0
Unobligated balance, end of year		0	11,255	0	11,255	0	11,255	0	11,255	0	0
Unobligated balance, expiring		0	0	0	0	0	0	0	0	0	0
Financing from offsetting collections:											
Non-Federal Sources		0	(10,864)	0	(7,800)	0	(7,800)	0	(7,800)	0	0
Financing from transfers:											
Transfer from other accounts		0	0	0	0	0	0	0	0	0	0
Transfer to other accounts		0	3,064	0	0	0	0	0	0	0	0
Appropriation		0	0	0	0	0	0	0	0	0	0

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Coastal Zone Management Fund
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Estimate	1994 Currently Available	1995 Base	1995 Estimate	Increase/ Decrease
Total Obligations	7,800	7,800	7,800	7,800	0
Offsetting Collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	(10,864)	(7,800)	(7,800)	(7,800)	0
Recoveries	(517)	0	0	0	0
Unobligated balance, start of year	(10,738)	(11,255)	(11,255)	(11,255)	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	11,255	11,255	11,255	11,255	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	(3,064)	0	0	0	0
Financing:	0	0	0	0	0
Transfers to/from other accounts	3,064	0	0	0	0
Appropriation	0	0	0	0	0

Department of Commerce
National Oceanic and Atmospheric Administration
Coastal Zone Management Fund
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: **Coastal Zone Management Fund**
Subactivity: **Coastal Zone Management Fund**

Goal Statement

The Coastal Zone Management Fund (CZMF) was created by the 1990 amendments to the Coastal Zone Management Act. The purposes for which the funds can be used are set forth in Sec. 308 of that Act. In summary, Sec. 308 authorizes the use of the loan repayments from the former Coastal Energy Impact Program (CEIP) for the administrative costs of the Coastal Zone Management Program and if any funds remain, for other purposes as set forth below.

Proposed Legislation

No legislation is proposed.

Base Program

Section 308 of the Coastal Zone Management Act authorizes the CZMF to be used for the following purposes:

(1) Expenses incident to the administration of the Coastal Zone Management Act;
(2) Projects to address management issues which are regional in scope, including interstate projects;
(3) Demonstration projects which have high potential for improving coastal zone management, especially at the local level;
(4) Emergency grants to State coastal zone management agencies to address unforseen or disaster-related circumstances;
(5) Appropriate awards recognizing excellence in coastal management;
(6) Program Development Grants; and
(7) To provide financial support to coastal States for use in investigating and applying the public trust doctrine to implement State management programs.

FY 1993 the appropriation language for this fund overrode the provisions of Sec. 308 and instead stipulated that the funds ($7.8 million) were to be used exclusively for the Sec. 306 State Grants program and for program development grants under Sec. 305. The FY 1994 budget assumes that the funds will be used as stated in Sec. 308.

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Coastal Zone Management Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	0	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation	0	0	0	0	0
11.8	Special personnel services payments	0	0	0	0	0
12.9	Total personnel compensation	0	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0	0
13	Benefits for former personel	0	0	0	0	0
21	Travel and transportation of persons	0	0	0	0	0
22	Transportation of things	0	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0	0
23.2	Rental payments to others	0	0	0	0	0
23.3	Commun., util., misc. charges	0	0	0	0	0
24	Printing and reproduction	0	0	0	0	0
25.1	Consulting services	0	0	0	0	0
25.2	Other services	0	0	0	0	0
25.3	Purchase of goods and services from Gov't accounts	0	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0
26	Supplies and materials	0	0	0	0	0
31	Equipment	0	0	0	0	0
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	7,800	7,800	7,800	7,800	0
42	Insurance claims and indemnities	0	0	0	0	0
43	Interest and dividends	0	0	0	0	0
44	Refunds	0	0	0	0	0
99	**Total Obligations**	7,800	7,800	7,800	7,800	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Coastal Zone Management Fund
DETAIL REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	0	0	0
	Senior Executive Service	0	0	0	0
	General schedule	0	0	0	0
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Students	0	0	0	0
	Subtotal	0	0	0	0
11.3	Other than full-time permanent				
	General schedule	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Consultants, experts	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	0	0	0
11.5	Other personnel compensation				
	Overtime	0	0	0	0
	Cash awards	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Coastal Zone Management Fund
DETAIL REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal				
11.9	Total personnel compensation	0	0	0	0
12.1	Civilian personnel benefits				
	Civil service retirement	0	0	0	0
	Federal Employee Retirement	0	0	0	0
	Medicare	0	0	0	0
	Thrift savings plan	0	0	0	0
	Federal insurance contribution act	0	0	0	0
	Health insurance	0	0	0	0
	Life insurance	0	0	0	0
	Overseas allowance (COLA)	0	0	0	0
	Employees comp fund (bec)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
13.0	Benefits for former personnel	0	0	0	0
	Retired Pay	0	0	0	0
	Health benefits	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Coastal Zone Management Fund
DETAIL REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
		0	0	0	0
21	Travel and transportation of persons	0	0	0	0
	Aircraft rental	0	0	0	0
	GSA vehicles	0	0	0	0
	Administrative travel	0	0	0	0
	Program travel	0	0	0	0
	Subtotal	0	0	0	0
22	Transportation of things	0	0	0	0
	Trans of household goods	0	0	0	0
	GSA trucks	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities and miscellaneous charges	0	0	0	0
	Utility services	0	0	0	0
	Aircraft charter	0	0	0	0
	Vessel charter	0	0	0	0
	Rental of office copying equipment	0	0	0	0
	Rental of ADP equipment	0	0	0	0
	Federal telecommunications system	0	0	0	0
	Other telecommunications services	0	0	0	0
	Postal services by USPS	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Coastal Zone Management Fund
DETAIL REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
24	Printing and reproduction	0	0	0	0
	Publications	0	0	0	0
	Public use forms	0	0	0	0
	Enevelopes	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
25.1	Consulting services	0	0	0	0
25.2	Other services	0	0	0	0
	Aircraft repair	0	0	0	0
	Vessel repair	0	0	0	0
	Contracts for research	0	0	0	0
	Maintenance of equipment	0	0	0	0
	Training:	0	0	0	0
	University training	0	0	0	0
	CS commission training	0	0	0	0
	Other	0	0	0	0
	Substation observers	0	0	0	0
	Other Federal Agencies	0	0	0	0
	GSA alterations	0	0	0	0
	Working capital fund	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
26	Supplies and materials	0	0	0	0
	Chart paper	0	0	0	0

Exhibit 17

Department of Commerce
National Oceanic and Atmospheric Administration
Coastal Zone Management Fund

DETAIL REQUIREMENTS BY OBJECT CLASS

(Dollar amounts in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	Met. upper air	0	0	0	0
	Maintenance of vessel	0	0	0	0
	Gases	0	0	0	0
	Fuel	0	0	0	0
	ADP supplies	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
31	Office machines and equipment	0	0	0	0
	ADP hardware	0	0	0	0
	Other capitalized	0	0	0	0
	Non-capitalized	0	0	0	0
	Subtotal	0	0	0	0
32	Lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	7,800	7,800	0
42	Insurance claims and indemnities	0	0	0	0
43	Interest/dividends..	0	0	0	0
44	Refunds	0	0	0	0
99	Subtotal, Direct Obligations	0	0	0	0
	Reimbursable Obligations	0	0	0	0
	TOTAL OBLIGATIONS	0	7,800	7,800	0

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Damage Assessment and Restoration Revolving Fund
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Appropriation Available, 1994	0	($22,908)	0	$567
less: Obligations from prior years	0	21,408	0	(567)
plus: 1995 Adjustments to base	0	0	0	0
less: Unobligated balance, start of year	0	0	0	0
1995 Base	0	(1,500)	0	0
less: 1995 Administrative savings	0	0	0	0
plus: 1995 Program changes	0	0	0	0
1995 Estimate	0	(1,500)	0	0

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
Comparison by activity		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Coastal Ecosystems Health	Pos./BA	0	($5,397)	0	($22,908)	0	($1,500)	0	($1,500)	0	$0
	FTE/Obl.	0	0	0	567	0	0	0	0	0	0
Direct Obligations	Pos./BA	0	(5,397)	0	(22,908)	0	(1,500)	0	(1,500)	0	0
	FTE/Obl.	0	0	0	567	0	0	0	0	0	0
Adjustments for:											
Recoveries		0	0	0	0	0	0	0	0	0	0
Unobligated balance, start of year		0	(7,758)	0	(13,183)	0	0	0	0	0	0
Unobligated balance, transferred		0	0	0	0	0	0	0	0	0	0
Unobligated balance, end of year		0	13,183	0	0	0	0	0	0	0	0
Unobligated balance, expiring		0	0	0	0	0	0	0	0	0	0
Financing from offsetting collections:											
Non-Federal Sources		0	(10,822)	0	(10,292)	0	(1,500)	0	(1,500)	0	0
Financing from transfers:											
Transfer from other accounts		0	7,586	0	29,796	0	8,500	0	8,500	0	0
Transfer to other accounts		0	(2,189)	0	(6,888)	0	(7,000)	0	(7,000)	0	0
Appropriation		0	0	0	0	0	0	0	0	0	0

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Damage Assessment and Restoration Revolving Fund
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Estimate	1994 Currently Available	1995 Base	1995 Estimate	Increase/ Decrease
Total Obligations	0	567	0	0	0
Offsetting Collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	(10,822)	(10,292)	(1,500)	(1,500)	0
Recoveries	0	0	0	0	0
Unobligated balance, start of year	(7,758)	(13,183)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	13,183	0	0	0	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	(5,397)	(22,908)	(1,500)	(1,500)	0
Financing:	0	0	0	0	0
Transfer to ORF	7,586	29,796	8,500	8,500	
Transfers from Dept of Interior	(2,189)	(6,888)	(7,000)	(7,000)	0
Appropriation	0	0	0	0	0

National Oceanic and Atmospheric Administration
Damage Assessment & Restoration Revolving Fund
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Transfers		
Net Transfer		21,408
Total, adjustments to base		21,408

Exhibit 9

Department of Commerce
National Oceanic and Atmospheric Administration
Damage Assessment & Restoration Revolving Fund
JUSTIFICATION OF ADJUSTMENTS TO BASE

	FTE	Amount
Transfer		
Adjustment of Transfer to ORF (from $29,796,000 in FY 94 to $ 8,500,000 in FY 95)		21,296,000
Adjustment of Transfer from The Department of Interior (from $6,888,000 in FY 94 to $ 7,000,000 in FY 1995)		112,000
Total Adjustment to Base		21,408,000

Department of Commerce
National Oceanic and Atmospheric Administration
Damage Assessment and Restoration Revolving Fund
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: **Damage Assessment and Restoration Revolving Fund**
Subactivity: **Damage Assessment and Restoration Revolving Fund**

Goal Statement

Facilitate the spill response, damage assessment, and natural resource restoration activities of the National Oceanic and Atmospheric Administration.

Proposed Legislation

No legislation proposed.

Base Program

A National Oceanic and Atmospheric Administration (NOAA) Damage Assessment and Restoration Revolving Fund was established, under Section 1012(a) of the Oil Pollution Act of 1990, for deposit of sums provided by any party or governmental entity for response to discharges of oil or releases of hazardous substances, for assessment of damages to NOAA trust resources resulting from those discharges and releases, and for the restoration of the injured natural resources.

Retain, in said revolving trust account, funds that are recovered through settlement or awarded by a court for restoration of injured natural resources, and retain reasonable costs of conducting spill response and damage assessment that are recovered by NOAA through negotiated settlement, court award, or other reimbursement.

Ensure funds so deposited shall remain available to the trustee, without further appropriation, until expended to pay costs associated with response, damage assessment, and restoration of natural resources.

For the purposes of obligation and expenditure, provide for the transfer of sums available in the NOAA Damage Assessment and Restoration Revolving Fund, upon the approval of the Secretary of Commerce or his/her delegate, to the Operations, Research, and Facilities (OR&F) appropriation of the National Oceanic and Atmospheric Administration.

The NOAA Damage Assessment and Restoration Revolving Fund will facilitate and sustain: (1) oil and hazardous materials contingency planning and response, automated spill assessment, and countermeasure capabilities; (2) natural resource damage assessment while the Departments of Commerce and Justice seek full reimbursement from potentially responsible parties; and (3) restoration, replacement or acquisition of the equivalent of injured or lost natural resources, including resources of National Marine Sanctuaries and Estuarine Research Reserves, tidal wetlands and other habitats, for which NOAA is trustee. These program functions are conducted jointly within NOAA by the Office of General Counsel, the National Ocean Service, and the National Marine Fisheries Service.

Hazardous Materials Response Program - As the scientific support coordinator to the U.S. Coast Guard's Federal on-scene coordinator at coastal and marine spills of oil and hazardous materials, NOAA provides critical information on spill trajectory, chemical hazard analyses, and assessments of the sensitivity of marine and estuarine habitats. The program's substantial involvement in response activities related to the EXXON VALDEZ oil spill continues. The program provides similar support to the environmental hazardous waste sites in coastal areas.

Damage Assessment Program - To fulfill its responsibility as a Federal trustee for living natural resources under the Superfund, Clean Water, and Oil Pollution Acts, NOAA conducts comprehensive assessments of damages to trust resources from discharges of oil or releases of hazardous substances in coastal and marine areas. These assessments enable the Federal Government to file claims against the potentially responsible parties. The first such claim was filed in 1983 for damages resulting from PCB contamination in New Bedford Harbor, Massachusetts. The Damage Assessment Center is currently involved in 16 damage assessments in various stages of completion.

Natural Resources Restoration Program - The program uses recovered damages to restore injured resources, monitors the restoration to assess its effectiveness, conducts basic and applied research on restoration methodologies, applies these techniques to restoration of resource habitats, and provides guidance to habitat managers for selecting among restoration approaches.

Measures of Performance

Establish, maintain, and operate a system of financial accounting for said Revolving Fund to ensure status reports of fund activities and conformation to all applicable Federal regulations.

Provide to the Under Secretary for Oceans and Atmosphere an annual summary of deposit, transfer, and withdrawal activities by program area.

Receipts Deposited to the
Natural Resource Damage Assessment and Restoration Fund
for the use of Federal Agencies
(Dollars in Thousands)

Funding Type/ Activity/Subactivity	FY 1993 Actual	FY 1994 Enacted to Date	FY 1995 Estimate	Inc(+) Dec(-) From FY 1994
Receipts				
Exxon Valdez Oil Spill	(EVOS) Joint Trust Fund Restoration Program [1]			
	SUMMARY BY AGENCY			
FEDERAL TRUSTEE AGENCIES				
Nat'l Oceanic and Atmospheric Administration	2,874	8,447	TBD	TBD
US Forest Service	4,002	13,243	TBD	TBD
Interior Department	2,274	18,795	TBD	TBD
Subtotal, Federal[2]	9,150	40,485	35,000	-5,485
[FTE - estimated]	[69]	[73]	TBD	[0]
Exxon Valdez Restitution (Restoration) Fund [3]	0	0	0	0
[FTE - estimated]	0	0	0	0
Federal Total EVOS Program	9,150	40,485	35,000	-5,495
[FTE - estimated]	[69]	[73]	TBD	0

[1] Jointly managed by three Federal and three state of Alaska Trustees.

[2] The FY 1994 estimate is based upon the draft 1994 Work Plan that completed its public comment period on January 14, 1994. The estimate includes an additional amount to acquire habitat.

[3] Fifty million dollars was deposited in FY 1992. The funds are managed by three Federal Trustees. Initial funds were allocated in FY 1993. This part of EVOS is described in the restitution section.

TBD to be determined

Exxon Valdez Oil Spill (EVOS) Restoration Program

AUTHORITIES

- Section 207 of the 1992 Dire Emergency Supplemental Appropriations Act and Transfer for Relief from the Effect of Natural Disasters, for Other Urgent Needs, and for incremental Costs of Operation Desert Shield/Desert Storm Act of 1992, P.L. 102-229 (12/12/91);

- Section 311(f) of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1321 (f));

- Memorandum of Agreement and Consent Decree (MOA) approved and entered on August 28, 1991, in United States v. State of Alaska, No. A91-081 CV, and the Agreement and Consent Decree (Consent Decree) approved and entered on October 8, 1991, in United States v. Exxon Corporation, et.al., No. A91-082CV and State of Alaska v. Exxon Corporation, et. al., No. A91-083; and

- Plea Agreement in United States v. Exxon Corporation, et. al., No. A90-015-1CR & -2CR.

BACKGROUND

The United States and the State of Alaska settled criminal and civil claims against Exxon et. al., in October 1991 for natural resource damages caused by the Exxon Valdez Oil Spill (EVOS) in March 1989. The first Exxon civil settlement payment was received by the Registry of the Court in December 1991. That payment and future Exxon Corporation payments are deposited into the EVOS Federal/State of Alaska Joint Trust Fund (Joint Fund) where the money earns interest. Funds provided by the agreements are used to restore the environment of Prince William Sound, lower Cook Inlet and the western Gulf of Alaska.

The Civil Settlement is controlled by the provisions of the August MOA and Consent Decree between the United States and the State of Alaska (Alaska). All natural resource damage recoveries from Exxon must be placed in a Joint Trust Fund established in the Registry of the U.S. District Court for Alaska (Court), except for certain reimbursements of past costs for both governments and credits to Exxon, as provided by the MOA. The joint funds are used to restore, replace, enhance, rehabilitate or acquire the equivalent of natural resources injured as a result of the oil spill and the reduced or lost services provided by such resources. This Trust Fund is managed jointly by the two governments, through the EVOS Trustee Council in Alaska.

The Criminal Plea Agreement (Restitution) totaled $125 million in fines and restitution, of which $100 million is designated as restitution for restoration projects, within Alaska, relating to the EVOS. Fifty million dollars was distributed to the Federal Government's Natural Resources Damage Assessment and Restoration Fund (NRDA&R Fund) where it continues to earn interest. Fifty million dollars was also distributed to Alaska. The $50 million received by both the Federal and Alaska Governments are managed separately in accordance with the MOA. Of the $25 million criminal fine, $12 million was deposited into the North American Wetlands Conservation Fund and $13 million was deposited into the Victims of Crimes Fund.

Table 1

Exxon Payment Schedule and Distribution
(Dollars in millions)

Exxon Payment Schedule			Distribution of Payments		
			Court Registry	Reimbursement[4]	
6Date	Fiscal Yr.	Amount	Amount	Amount	Gvmt
Dec. 91	1992	90.0	36.5	24.5	US [1]
				29.0	Alaska
Dec. 92	1993	110.1	56.6	24.5	US [2]
				29.0	Alaska
Sept. 93	1993	100.0	68.4	11.6	US [3]
				20.0	Alaska
				TBD	TBD
Sept. 94	1994	70.0		TBD	
Sept. 95	1995	70.0		TBD	
Sept. 96	1996	70.0		TBD	
Sept. 97	1997	70.0		TBD	
Sept. 98	1998	70.0		TBD	
Sept. 99	1999	70.0		TBD	
Sept. 00	2000	70.0		TBD	
Sept. 01	2001	70.0		TBD	

[1] Interior, Agriculture and Commerce: $6.1M each; Coast Guard $6.2M

[2] Interior $2.8M; Agriculture, $4.3M; Commerce $5.5M; Environmental Protection Agency $4.2M; and Coast Guard; $7.7M; Exxon also took a one-time credit of $39.9M for post 1990 response costs in accordance the MOA.

[3] Interior, $2.8M; Agriculture, $3.5M; Commerce $3.2M; Environmental Protection Agency $0.3M; and Coast Guard $1.8M.

[4] Balances remaining under the Caps; U.S. $6.4M. Some post cap expenses are also eligible for reimbursement to the governments in accordance with the MOA.

[5] Potential for additional $100M liability for damages not currently foreseen.

TBD to be determined

Decisions concerning the amount and distribution of the Exxon payments for reimbursement to the U.S. for past expenses is made by the three Federal Trustees, the Departments of Interior, Agriculture (U.S. Forest Service), and Commerce (National Oceanic and Atmospheric Administration). Alaska, which also has three Trustees, makes a similar decision concerning its own reimbursement. Reimbursement to the Governments is specifically provided for in the 1991 MOA. The Federal and State Trustees elected to spread these reimbursements over several payments in order to make more funds available sooner for restoration purposes, although the MOA states that all such reimbursements can be made before monies are deposited in the Joint Fund. The money reimbursed to the Federal agencies is deposited to separate accounts within those agencies for use in accordance with applicable law.

Organizationally, the six Trustees entered into a Memorandum of Understanding in October 1992 confirming the establishment by the Trustees of the Trustee Council and delineating the authorities granted to it. The Trustee Council is comprised of a designee of each Federal Trustee and the actual State Trustee. The Trustee Council establishes policies and procedures governing the joint use and expenditure of monies from the Joint Fund and for meaningful public participation. This MOU helps ensure coordination and cooperation among the Trustees in the restoration of the natural resources injured, lost or destroyed as a result of the oil spill. The six Trustees or their representatives must unanimously agree on the funding for each specific project and request the appropriate funds from the Court, in accordance with the 1991 MOA.

All restoration plans and projects conducted in accordance with the MOA and Court Decree must also comply with applicable State and Federal laws, including the National Environmental Policy Act, the Coastal Zone Management Act and the Alaska Open Meetings Act.

A separate MOU was also entered into by the three Federal Trustees in September 1992 to establish procedures for approval of the expenditure of the $50 million restitution payment received by the U.S. under the (Criminal) Plea Agreement. These monies are currently deposited in the NRDA&R Fund and earn interest until expended.

EVOS Federal/State of Alaska Joint Trust Funds

Four major activities form the basis for the planning, budgeting and expenditure of joint restoration funds. General restoration, habitat acquisition and protection, monitoring and research, and public information and administration activities define the annual restoration projects and work plan. The EVOS restoration budgets are also developed and presented using these same activities. Further, these activities are an integral part of the draft EVOS Restoration Plan.

Activity: General Restoration

1) General Restoration. A wide variety of general restoration activities will improve the rate of natural recovery by directly manipulating the environment. Other activities protect natural recovery by managing human resources or reducing marine pollution. A few of these activities may involve facilities that direct human use away from sensitive areas, support other restoration activities, or replace facilities needed for access and damaged by the spill.

Activity: Habitat Acquisition and Protection

2) **Habitat Acquisition and Protection.** This category may include the purchase of private land or interests in land, such as conservation easements, mineral rights, or timber rights. On existing public land within the spill area, it may include recommendations for changing agency management practices. Protecting and acquiring land may minimize further injury to resources and services, and may allow recovery to continue unimpeded. Habitat protection and acquisition is one of the principal tools of restoration. It is important in ensuring continued recovery in the spill area.

Activity: Monitoring and Research

3) **Monitoring and Research.** Activities included here include gathering of information about how resources and services are recovering, whether restoration activities are successful, and what continuing problems exist in the general health of the affected ecosystems. It provides important information to help direct the restoration program. In addition, it provides useful information to resource managers and the scientific community that will help restore the injured resources and services.

Activity: Public Administration and Administration

4) **Public Information and Administration.** This includes activities required to prepare work plans, negotiate for habitat protection, involve the public, and operate the restoration program. This includes necessary administrative expenses that are not attributable to a particular restoration project.

Draft Evos Restoration Plan. In November 1993, the Trustee Council adopted the Draft Restoration Plan. It is an interim document that will guide the 1994 Work Plan that was out for public comment through January 14, 1994. Currently, an Environmental Impact Statement is in preparation for the Draft Restoration Plan. Upon its completion, the impact statement and the Draft Restoration Plan will be circulated for public review. Until that time, a copy of the draft restoration Plan is available from the Oil Spill Public Information Center. This Plan and the individual restoration projects must comply with a variety of State of Alaska and Federal laws and regulations, including the National Environmental Policy Act (NEPA).

As previously mentioned, four major activities are central to the Draft Restoration Plan, general restoration, habitat acquisition and protection, monitoring and research, and public information and administration. In addition the Draft Restoration Plan provides nine policies to guide the development of annual work plans, projects, and activities and discusses the rationale for each.

Draft Restoration Plan Policies:

1) The restoration program will take an ecosystem approach.

2) Restoration activities may be considered for any injured resource or service.

3) Restoration activities will occur primarily within the spill area. Limited restoration activities outside the spill area, but within Alaska, may be considered under the following conditions:
   -when the most effective restoration actions for an injured migratory population are in a part of its range outside the spill area, or
   -when the information acquired from research and monitoring activities outside the spill area will be significant for restoration or understanding injuries within the spill area.

4) Restoration activities will emphasize resources and services that have not recovered. Resources and services will be enhanced, as appropriate, to promote restoration. Restoration projects should not adversely affect the ecosystem.

5) Projects designed to restore or enhance an injured service:
   -must have a sufficient relationship to an injured resource,
   -must benefit the same user group that was injured, and
   -should be compatible with the character and public uses of the area.

6) Competitive proposals for restoration projects will be encouraged.

7) Restoration projects will be subject to open, independent scientific review before Trustee Council approval.

8) Meaningful public participation in restoration decisions will be actively solicited.

9) Government agencies will be funded only for restoration work they do not normally conduct.

***Draft Restoration Plan Goal/Objectives-Recovery of the Ecosystem*:**

The goal of restoration is recovery of all injured resources and services. For some resources, little is known about their injury and recovery, so it is difficult to define recovery or develop restoration strategies. In general, resources and services are considered recovered when they return to conditions that would have existed had the spill not occurred. Because it is difficult to predict conditions that would have existed in the absence of the spill, recovery may consist of stabilizing the population at a lower level than before the spill.

Where there were little pre-spill data, injury is inferred from comparison of oiled and unoiled areas, and recovery is usually defined as a return to conditions comparable to those of unoiled areas. Because the differences between oiled and unoiled areas may have existed before the spill, statements of injury and definitions of recovery based on these differences are often less certain than in those areas where pre-spill data exist. However, there can also be some uncertainty associated with interpreting the significance of pre-spill population data since populations undergo natural fluctuations. Indicators of recovery can include increased numbers of individuals, reproductive success, improved growth and survival rates, and normal age and sex composition of the injured population.

Restoration strategies for natural resources differ according to the degree of recovery, and are subdivided into categories for recovering resources, resources that are not recovering, and resources whose recovery is unknown.

The combination of individual restoration objectives and strategies into a unified restoration program will result in an ecosystem approach that recognizes the interconnections between species and between species and their physical environment.

Habitat Acquisition and Protection.

The Council is devoting considerable effort to evaluating existing habitat information, gathering new information where it is needed and devising procedures to evaluate the proposed opportunities to ensure that funds available for habitat acquisition are used effectively and prudently. Recognition by the Trustee Council that habitat protection and acquisition is one of the principal tools of restoration and the substantial public interest in the acquisition of land and timber rights and other habitat protection measures make this effort essential.

Virtually all privately owned lands within the oil spill affected area were suggested in some manner for acquisition using settlement funds. It is neither possible, nor appropriate until a Restoration Plan has been adopted, for the Trustee Council to attempt to acquire such a large column of land. The Council has undertaken a process to determine which of the lands will contribute most to the restoration program. The following are areas recommended by the public in April and May 1993 for purchase or protection.

Areas Recommended by the Public for Acquisition or Protection

Prince William Sound

Bainbridge Island
Chenega Island
Chugach National Forest
Cordova area private lands
Dangerous Passage
Eshamy/Jackpot Bay
Evans Bay
Fish Bay
Hawkins Island

Orca Bay/Narrows[1/]
Patton Bay

Hinchinbrook Island
Icy Bay
Knight Island
Knowles Head
Latouche Island
Montague Island
Naked Island
Nelson Bay
Olsen Bay

Rude River
Sheep Bay

Port Fidalgo
Port Gravina (including Bear Trap Bay)
Red Head
Simpson Bay
Two Moon Bay
Windy Bay

Kenai Area

Chrome Bay
Gull Island
Kamishak Bay
Kenai Fjords National Park
Kenai Peninsula
Port Chatham
Rocky Bay

Kodiak Area

Afognak Island
Fox/Red Fox Bay
Karluk River
Kodiak Island
Kodiak National Wildlife Refuge
Long Lagoon
Pauls and Laura Lake Cabin
Shuyak Island/Strait
Long Lagoon
Pauls and Laura Lake Cabin
Shuyak Island/Strait
Sitkalidak Island
Sturgeon River

General

Tongass National Forest

State and Federal governments will purchase lands on a the basis of a willing seller and willing buyer. The above list of areas were recommended by the public. Some of the areas listed may not be available for purchase or protection.

[1/] Orca Bay/Narrows was the area specifically stated that the public was opposed to acquiring.

FY 1992 Work Plans and Budget: Work began on the EVOS Restoration Program under the FY1992 Work Plan on March 1, 1992, prior to the advent of the 1992 "field season" generally the period between May and September when field work in Alaska can be conducted in snow-free conditions. The first Joint Fund monies disbursed from the Court for the Restoration Program totaled $12.9 million. The first fiscal year was a partial one, from March 1, 1992 through September 30, 1992.

FY 1993 Work Plan and Budget: The Trustee Council approved a budget for the period October 1, 1992 through September 30, 1993, totaling $27.8 million, of which $9.2 million was for the Federal agencies having lead on specified EVOS projects. The $18.6 million State of Alaska portion included $7.5 million to acquire in holdings in Kachemak Bay State Park, the first expenditure for habitat protection.

FY 1994 Work Plans and Budget: The process of formulating, presenting and reviewing the annual EVOS work plans and budgets is still evolving. In November 1993, the Trustee Council requested the Court to disburse monies to fund the Interim FY 1994 EVOS Work Plan. The Interim budget totaled $8.5 million and provided for natural resource damage assessment and restoration activities from October 1, 1993 to December 31, 1993.

The Interim budget was necessary in order to complete the Draft 1994 Work Plan and send it out for public comment. The Draft 1994 Work Plan, totaling $34.3 million, was sent out for public comment in mid December 1993. It describes restoration projects and funding under consideration for implementation for 1994, including the Interim Budget. The Trustee Council did not indicate which of the projects included in the Plan should be conducted in 1994, but is relying on public comment and scientific peer review to assist its decisions. Public comment on the Plan that were postmarked by January 14, 1994 will assist the Trustee Council in this regard. As stated previously, approved projects must be consistent with the policies and guidance of the Draft EVOS Restoration Plan. The Trustee Council is expected to approve the final 1994 Work Plan at its next meeting on January 31, 1994. A summary of the Draft Work Plan by category is shown on Table 2.

FY 1995 Work Plans and Budget: Formulation of the FY 1995 Work Plan and Budget is now underway. Due to the timing under which the restoration projects are currently developed, the FY 1995 project list is not yet available. When the Draft FY 1995 Work Plan and Budget is released to the public for comment it will also be forwarded to the Congressional Appropriations Committees. Close coordination will continue between the FY 1995 Work Plan and Budget and the Draft EVOS Restoration Plan.

Table 2

EVOS Joint Restoration Fund in Total - Federal and State
(Dollars in Thousands)

Funding Type/ Activity/Subactivity	FY 1993 Actual	FY 1994 Enacted to Date	FY 1995 Estimate	Inc(+) Dec(-) From FY 1994
TRUSTEE AGENCIES				
Federal, Total	9,150	40,485	35,000	-5,485
State of AK, Total	18,645	50,306	35,000	-15,306
Trustees, Total	27,792	90,791	70,000	-20,791
SUMMARY BY ACTIVITY				
Federal				
- General Restoration	5,035	2,246	TBD	TBD
- Habitat Protection and Acquisition [1]	286	26,906	TBD	TBD
- Monitoring and Research	915	8,786	TBD	TBD
- Public Information and Administration	2,914	2,547	TBD	TBD
Subtotal, Federal	9,150	40,485	35,000	-5,485
[FTE - Estimated]	[69]	[73]	[TBD]	[0]
State of Alaska				
- General Restoration	6,156	11,631	TBD	TBD
- Habitat Protection and Acquisition [2]	7,700	31,699	TBD	TBD
- Monitoring and Research	1,865	3,987	TBD	TBD
- Public Information and Administration	2,924	2,989	TBD	TBD

Subtotal, Federal	18,645	50,306	35,000	-15,306
[FTE - Estimated]	[10]	[114]	[TBD]	[0]
Trustees (Fed + AK)				
- General Restoration	11,191	13,877	TBD	TBD
- Habitat Protection and Acquisition	7,986	58,605	TBD	TBD
- Monitoring and Research	2,780	12,773	TBD	TBD
- Public Information and Administration	5,858	5,536	TBD	TBD
Total, Trustees	27,795	90,791	70,000	-20,791
[FTE - Estimated]	[79]	[187]	[TBD]	[0]

TBD to be determined

[1/] $26.5M is added as potential land acquisition for FY 1994.
[2/] $29.950M is added for the purchase of Seal by in FY 1994.

Measures of Performance

Status of Federal Projects	1995 Estimate	1996 Estimate	1997 Estimate	1998 Estimate	1999 Estimate
No. of Projects Approved-Cumulative					
NOAA	10	13	TBD	TBD	TBD
No. of Annual Reports Due-Cumulative					
NOAA	0	3	TBD	TBD	TBD
No. of Final Reports-Cumulative					
NOAA	0	8	TBD	TBD	TBD

Major Concerns: Many members of the academic and scientific community are calling for funds to be spent on scientific studies that will help promote a better understanding of the mechanism of injury and recovery of oiled resources and to more precisely determine the impacts on natural resources and services. Uncertainties exist regarding the extent and level of injuries because of the lack of available baseline (prespill) information; difficulties in separating natural differences and oil-spill differences; the role of natural variability in producing observed results; and difficulties in separating management-induced changes and oil-spill related changes. The administration will continue to provide leadership in the development of a comprehensive research and monitoring program for the spill area in order to address this issue.

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Damage Assessment and Restoration Revolving Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	0	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation	0	0	0	0	0
11.8	Special personnel services payments	0	0	0	0	0
12.9	Total personnel compensation	0	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0	0
13	Benefits for former personel	0	0	0	0	0
21	Travel and transportation of persons	0	0	0	0	0
22	Transportation of things	0	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0	0
23.2	Rental payments to others	0	0	0	0	0
23.3	Commun., util., misc. charges	0	0	0	0	0
24	Printing and reproduction	0	0	0	0	0
25.1	Consulting services	0	0	0	0	0
25.2	Other services	0	567	0	0	0
25.3	Purchase of goods and services from Gov't account	0	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0
26	Supplies and materials	0	0	0	0	0
31	Equipment	0	0	0	0	0
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0	0
43	Interest and dividends	0	0	0	0	0
44	Refunds	0	0	0	0	0
99	**Total Obligations**	0	567	0	0	0

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Federal Ship Financing Fund
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Appropriation, Available, 1994	0	5,000	0	14,071
unobligated balance start of year				(3,471)
plus: 1995 Adjustments to base		(5,000)		(5,000)
less: reduction in offsetting recoveries				(5,600)
1995 Base	0	0	0	0
less: Administrative savings				
less: FTE savings				
plus: 1995 Program changes		0		0
1995 Estimate	0	0	0	0

		1993 Actual		1994 Currently Availabe		1995 Base		1995 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Comparison by activity:											
Federal Ship Financing Fund											
Build Sustainable U.S. Fisheries											
Managing for Economic Growth	Pos./BA	0	(1,846)	0	5,000	0	0	0	0	0	0
	FTE/Obl.	0	3,337	0	14,071	0	0	0	0	0	0
Direct Obligations	Pos./BA	0	(1,846)	0	5,000	0	0	0	0	0	0
	FTE/Obl.	0	3,337	0	14,071	0	0	0	0	0	0
Adjustments for:											
Recoveries			(2)								
Unobligated balance, start of year			(4,287)		(3,471)						
Unobligated balance transferred			(1,846)								
Unobligated balance, end of year			3,471								
Unobligated balance expiring											
Portion applied to debt reduction			1,846								
Financing from Offsetting collections:											
Federal Funds			(4,365)		(5,600)						
Trust Funds											
Non-federal sources											
Financing from Offsetting collections:											
Transfer from other accounts											
Transfer to other accounts			1,846								
Authority to borrow		0	0	0	5,000	0	0	0	0	0	0

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Federal Ship Financing Fund
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Curently Available	1995 Base	1995 Estimate	Increase/ Decrease/ over 1995 Base
Total Obligations	3,337	14,071	0	0	0
Offsetting collections from:					
Federal funds	(4,365)	(5,600)			
Trust funds					
Non-Federal sources					
Recoveries	(2)				
Unobligated balance, start of year	(4,287)	(3,471)			
Unobligated balance transferred	(1,846)				
Unobligated balance, end of year	3,471				
Unobligated balance expiring					
Portion applied to debt reduction	1,846				
Budget Authority	(1,846)	5,000	0	0	0
Financing:					
Transfer from other accounts					
Transfer to other accounts	1,846				
Appropriation/Borrowing authority	0	5,000	0	0	0

Department of Commerce
National Oceanic and Atmospheric Administration
Federal Ship Financing Fund
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: **Federal Ship Financing Fund**
Subactivity: **Federal Ship Financing Fund**

Proposed Legislation

No legislation is proposed.

Base Program

1992

Prior to FY 1992, the Federal Ship Financing Fund provided Federal guarantees on loans for the construction and refurbishing of fishing vessels and shoreside processing facilities. Guarantee fees were charged to program participants, which provided the operating capital for the Fund. Beginning in FY 1992, under the Credit Reform Act of 1990, the Federal Ship Financing Fund became a liquidating account for loan guarantees made prior to October 1, 1991. Any new loan guarantees made on or after October 1, 1991 (FY 1992) are be made under the Fishing Vessel Obligation Guarantee program account (FVOG).

1993

The Federal Ship Financing Fund continued managing the loan guarantee portfolio that existed prior to FY 1992.

1994

The Federal Ship Financing Fund will continue managing the loan guarantee portfolio that existed prior to FY 1992.

1995

The Federal Ship Financing Fund will continue managing the loan guarantee portfolio that existed prior to FY 1992.

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Federal Ship Fiancing Fund
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently President Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 19BY Base
11	Personnel compensation					
11.1	Full-time permanent					
11.3	Other than full-time permanent					
11.5	Other personnel compensation					
11.8	Special personnel services payments					
11.9	Total personnel compensation					
12.1	Civilian personnel benefits					
13	Benefits for former personnel					
21	Travel and transportation of persons					
22	Transportation of things					
23.1	Rental payments to GSA					
23.2	Rental payments to others					
23.3	Commun., util., misc. charges					
24	Printing and reproduction					
25.1	Consulting services					
25.2	Other services					
26	Supplies and materials					
31	Equipment					
32	Lands and structures					
33	Investments and loans	1,869	5,252			
41	Grants, subsidies and contributions					
42	Insurance claims and indemnities		8,819			
43	Interest and dividends	1,468				
44	Refunds					
99	**Total Obligations**	3,337	14,071			
	Less prior year recoveries					
	Total Budget Authority	3,337	14,071			

Exhibit 5

Department of Commerce
National Oceanic and Atmospheric Administration
Aircraft Procurement and Modernization
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Appropriation Available, 1994	0	$43,000	0	$43,000
less: Obligations from prior years	0	0	0	0
plus: 1995 Adjustments to base	0	(43,000)	0	(43,000)
less: Unobligated balance, start of year	0	0	0	0
1995 Base	0	0	0	0
plus: 1995 Program changes	0	0	0	0
1995 Estimate	0	0	0	0

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
Comparison by activity		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Advance Short-Term Forecast	Pos./BA	0	$0	0	$21,000	0	$0	0	$0	0	$0
& Warning Services	FTE/Obl.	0	0	0	21,000	0	0	0	0	0	0
Implement Seasonal to Interannual	Pos./BA	0	0	0	11,000	0	0	0	0	0	0
Climate Forecasts	FTE/Obl.	0	0	0	11,000	0	0	0	0	0	0
Predict and Assess Decadal-to-	Pos./BA	0	0	0	11,000	0	0	0	0	0	0
Centennial Change	FTE/Obl.	0	0	0	11,000	0	0	0	0	0	0
Direct Obligations	Pos./BA	0	0	0	43,000	0	0	0	0	0	0
	FTE/Obl.	0	0	0	43,000	0	0	0	0	0	0
Adjustments for:											
Recoveries		0	0	0	0	0	0	0	0	0	0
Unobligated balance, start of year		0	0	0	0	0	0	0	0	0	0
Unobligated balance, transferred		0	0	0	0	0	0	0	0	0	0
Unobligated balance, end of year		0	0	0	0	0	0	0	0	0	0
Unobligated balance, expiring		0	0	0	0	0	0	0	0	0	0
Financing from transfers:											
Transfer from other accounts		0	0	0	0	0	0	0	0	0	0
Transfer to other accounts		0	0	0	0	0	0	0	0	0	0
Appropriation		0	0	0	43,000	0	0	0	0	0	0

Exhibit 7

Department of Commerce
National Oceanic and Atmospheric Administration
Aircraft Procurement and Modernization
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Estimate	1994 Currently Available	1995 Base	1995 Estimate	Increase/ Decrease
Total Obligations	0	43,000	0	0	0
Offsetting Collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	0	0	0	0	0
Unobligated balance, start of year	0	0	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	0	0	0	0	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	0	43,000	0	0	0
Financing:	0	0	0	0	0
Transfers to/from other accounts	0	0	0	0	0
Appropriation	0	43,000	0	0	0

Exhibit 8

Department of Commerce
National Oceanic and Atmospheric Administration
Aircraft Procurement & Moderization
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Transfers		
Non-Recurring one-time funding		(43,000)
Total, adjustments to base		(43,000)

Exhibit 9

Department of Commerce
National Oceanic and Atmospheric Administration
Aircraft Procurement & Moderization
JUSTIFICATION OF ADJUSTMENTS TO BASE

	FTE	Amount
Transfer		
Non-Recurring one-time funding		(43,000,000)

Department of Commerce
National Oceanic and Atmospheric Administration
Aircraft Procurement and Modernization
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: **Aircraft Procurement and Modernization**
Subactivity: **Aircraft Procurement and Modernization**

Goal Statement

Provide a next generation reconnaissance aircraft for both hurricane and severe storm forecasting and atmospheric research.

Proposed Legislation

No legislation is proposed.

Base Program

In FY 1994, this appropriation provided for the procurement and modification of a mid-size aircraft and scientific equipment to provide a reconnaissance system for hurricane and severe storm forecasting and atmospheric research. The aircraft will ultimately be used to perform more advanced hurricane research and environmental missions in climate and global change, air chemistry, remote sensor development, satellite validation, and severe weather research. There is no request for funding in FY 1995 as detailed cost estimates are being developed to determine if funding is adequate to provide initial operating capability of hurricane surveillance around the periphery of approaching tropical storms, and airframe modifications to accommodate future requirements.

Exhibit 16

Department of Commerce
National Oceanic and Atmospheric Administration
Aircraft Procurement and Modernization
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	0	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation	0	0	0	0	0
11.8	Special personnel services payments	0	0	0	0	0
12.9	Total personnel compensation	0	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0	0
13	Benefits for former personel	0	0	0	0	0
21	Travel and transportation of persons	0	0	0	0	0
22	Transportation of things	0	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0	0
23.2	Rental payments to others	0	0	0	0	0
23.3	Commun., util., misc. charges	0	0	0	0	0
24	Printing and reproduction	0	0	0	0	0
25.1	Consulting services	0	0	0	0	0
25.2	Other services	0	0	0	0	0
25.3	Purchase of goods and services from Gov't accounts	0	0	0	0	0
25.4	Operation of GOCOs	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0
26	Supplies and materials	0	0	0	0	0
31	Equipment	0	43,000	0	0	0
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0	0
43	Interest and dividends	0	0	0	0	0
44	Refunds	0	0	0	0	0
99	**Total Obligations**	0	43,000	0	0	0

Mr. SMITH. Here today to testify is Under Secretary of Commerce for Oceans and Atmosphere, Dr. James Baker. We will insert your biographical sketch into the record at this point.

[The biographical sketch of Dr. Baker follows:]

June 1993

BIOGRAPHY

DR. D. JAMES BAKER

Dr. D. James Baker was appointed in May 1993 as Under Secretary of Commerce for Oceans and Atmosphere and Administrator of the National Oceanic and Atmospheric Administration (NOAA). NOAA is comprised of the National Weather Service; the National Marine Fisheries Service; the National Ocean Service; the National Environmental Satellite, Data, and Information Service; and the Office of Oceanic and Atmospheric Research. NOAA is also involved in interagency activities such as the U.S. Global Change Research Program and the High Performance Computing and Communications initiative.

From 1983 to 1993, Dr. Baker served as President of Joint Oceanographic Institutions (JOI) Incorporated, a non-profit corporation based in Washington, D.C., which represents the ten largest U.S. academic oceanographic institutions. JOI plans and manages a broad range of oceanographic programs ranging from deep sea drilling to global ocean ecosystems. Dr. Baker led JOI from a narrowly-based research group to a broad one involved with many aspects of environmental science, technology, and policy.

Dr. Baker developed the concept and initiated the formation of the Council on Ocean Affairs (COA), a Washington-based organization representing 55 institutions which provides information on coastal and global ocean issues. COA serves an important function in providing science-based options for policy decisions. Dr. Baker was a co-founder of The Oceanography Society and served as President and Past-President. He is also a former member of the Council of the American Meteorological Society.

Before joining JOI in 1983, Dr. Baker was co-founder and first Dean of the College of Ocean and Fishery Sciences at the University of Washington in Seattle, Washington. In that capacity he was involved in issues ranging from ocean policy and fisheries management to ocean and fisheries research and technology. Dr. Baker previously served as Leader of the Deep-Sea Physics Group at the NOAA Pacific Marine Environmental Laboratory and as a member of the NOAA/University of Washington Joint Institute for the Study of the Atmosphere and Ocean. While working for NOAA, he served as an adviser on oceanographic, climatic, and fisheries issues. He has also been a member of the faculty at Harvard University and a post-doctoral fellow at the University of California, Berkeley, and the University of Rhode Island.

Dr. Baker was elected a Fellow of the American Association for the Advancement of Science in 1988 "for research in ocean circulation and air-sea interaction, and for initiating and coordinating major programs in marine science from ocean drilling to satellites." He has published more than 80 papers on ocean circulation, climate, polar oceanography, ocean instruments, and satellites, and is author of the book *Planet Earth--the View from Space* published by Harvard University Press. He has participated in research expeditions to most of the major oceans and holds a joint patent for a deep-sea pressure gauge.

He has served on numerous advisory panels; most recently, he served on the Transition Team for the Clinton-Gore Administration as Deputy for Science, Space, and Technology to Dr. Sally Ride. He has also advised the White House, the National Academy of Sciences, various Federal agencies, and international bodies on the subjects of science and policy management, climate and global change, oceanography, data management, ships and other large facilities, Arctic and Antarctic research, and space measurements and technology. He has testified frequently to various congressional committees.

He received his Ph.D. in physics from Cornell University and his B.S. in physics from Stanford University. He is married to Emily Lind Baker and resides in Washington, D.C.

Address:

Under Secretary for Oceans and Atmosphere
United States Department of Commerce
Herbert C. Hoover Building, Room 5128
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Telephone: 202-482-3436
Fax: 202-408-9674

Mr. SMITH. We are glad to have you. Do you have a statement?

OPENING STATEMENT

Dr. BAKER. Thank you, Mr. Chairman. I have just a brief statement I will make and I will be happy to answer questions.

I am pleased to be here in support of the 1995 budget request for NOAA. As you have seen, we have restructured the NOAA budget from the previous organizational-based structure to the current structure which mirrors our Strategic Plan. This new structure is revitalizing our agency by giving us some flexibility to apply resources across traditional NOAA elements, allowing us to implement more cost-effective techniques and to become more responsive to users.

The Department of Commerce has organized its 1995 budget request into five themes or baskets, and our programs are included in two of those baskets, one on Environmental Stewardship and Assessment, and the other on Civilian Technology. We found this year that the formulation process for NOAA's budget was interactive and positive, both with the Department of Commerce and the Office of Management and Budget in discussing all of the issues, and we felt we received good support throughout the budget formulation process.

Our total 1995 request is $1.964 billion, basically unchanged, slightly less than our fiscal year 1994 appropriation. The budget includes significant changes, which we believe will advance our environmental research and resource management responsibilities and support the President's high priority agenda items. This is reflected in an increase from 1994 of 8.2 percent, or $138 million in our Operations, Research and Facilities account.

I would like to quickly summarize our 1995 budget initiatives which are reflected in the Strategic Plan. Our 1995 Environmental Stewardship Program includes building sustainable fisheries, recovering protected species, coastal ecosystems health, and modernizing navigation and positioning.

In terms of building sustainable fisheries, we are requesting $259 million to build sustainable fisheries, an increase of $40.6 million to maintain ongoing operations and to develop new fishery management plans to address the desperate situation facing our Nation's fisheries. We will continue support for the eight regional fishery management councils and increase funding for the Fishery Reinvestment Program to assist the fishing industry during periods of stock rebuilding.

In terms of recovering protected species, we are continuing our efforts. For 1995, we request a total of $50.6 million, a net increase of $19.2 million over the 1995 base to continue to fulfill our statutory responsibilities under the Endangered Species Act and the Marine Mammal Protection Act. The goal is to devise a strategy to reduce listings of species as threatened or endangered.

In terms of coastal ecosystems health, we believe that a healthy coastal ecosystem requires ensuring that economic development is managed to maintain biodiversity and long-term productivity from sustained use. A total of $167.8 million, including $7.8 million from the Coastal Zone Management Fund is requested for fiscal year 1995. Our new Center for Coastal Ecosystem Health now being established is an important element in this equation. Full funding for Coastal Zone Management Act grants is included in our request. In 1995 we request increases of $3 million for improved management of the Nation's marine sanctuaries and $2.4 million for habitat conservation.

In terms of modernizing navigation and positioning services, we are proposing funding of $76.4 million, recognizing that navigation and positioning technologies are evolving rapidly. We will be moving towards the use of automated systems capable of producing traditional paper nautical charts as well as electronic chart products. New survey technology providing full bottom coverage in shallow water will be introduced in the NOAA fleet. We will begin to apply these systems to improve marine navigation safety, enhance economic competition and provide information for the protection of sensitive coastal marine environments.

We will also improve our capability to observe, understand and predict the environment in our second theme which is environmental assessment and prediction. This strategy includes advancing short-term warnings and forecasts, implementing season-to-interannual climate forecasts, predicting and assessing Decadal-To-Centennial change.

In terms of short-term warning and forecast services, we are asking for funds to maintain our ongoing forecast and warning operations, including continuing the modernization and restructuring of the National Weather Service. In the case of the Next Generation Weather Radar, the Automated Surface Observing System procurement, and new Weather Forecast office construction, we are on the downside of the funding profile. The Modernization Associated Restructuring Demonstration and Implementation initiative, the Advanced Weather Interactive Processing System, and the current series of Geostationary and Polar satellites are on the upside of the funding profile in FY 1995.

In terms of implementing seasonal-to-interannual forecasts, we hope to take significant steps toward implementing reliable seasonal-to-interannual climate forecasts to guide economic planning. NOAA plans to provide reliable one-year lead-time forecasts of global climate variability, especially the El Niño–Southern Oscillation and its impact on mid-latitudes. In 1995, we request a total of $94.4 million for the Seasonal-to-Interannual Climate initiative. Included in this initiative is $38.6 million for the President's U.S. Global Change Research Program, reflecting an increase of $14.7 million which directly supports NOAA's seasonal-to-interannual climate activities.

In terms of longer term climate change, in the decadal-to-centennial timeframe, we will continue research designed to provide the scientific basis for making cost-effective decisions on both the control of greenhouse gasses through the U.S. Global Change Research Program, and the implementation of the Clean Air Act Amendments of 1990, through our new Health of the Atmosphere program. To address these long-term changes, we request $94.1 million for the decadal-to-centennial initiative.

Underlying all of our operating programs are the capital assets, without which our observations, assessments, predictions and stewardship responsibilities would be impossible. In 1995, $41 million are required to maintain our capital assets. This is comprised of $23.1 million for Fleet Modernization and Replacement for critical maintenance, repair, and chartering and $17.9 million for Environmental Compliance and Facilities.

We also have a number of crosscut programs. Our effort to provide leadership in environmental stewardship and environmental prediction and assessment cannot succeed without the successful pursuit of technology and education programs that cut across agency lines to tap external resources, expertise and experience. In 1995, we will share with NASA host responsibilities for the Vice President's interagency Global Learning and Observations to Benefit the Environment, or GLOBE program. This program will enhance global environmental awareness and increase scientific understanding of the Earth by working with the worldwide network of schools to collect environmental observations. This program focuses on the environmental education of our human resources, and our budget contains a $7 million increase for that program.

In terms of Civilian Technology, we plan to promote effective distribution of data and information from NOAA's unique and massive environmental data holdings through information technologies built on the new National Information Infrastructure, NII. NOAA's proposal to significantly increase participation in the President's High Performance Computing and Communications Program epitomizes the fundamental Federal role in the HPCC. We are requesting $15.5 million for this program in 1995.

Finally, I can note that not all programs are increasing. We are operating under tight funding constraints. Our 1995 policies, as well as our resource allocations, reflect the need to focus on the high priority programs in the agency and investments with the greatest potential return. In some cases, the reductions we have proposed reflect planned decreases for major construction and acquisition programs. Other reductions include activities that do not reflect NOAA's mission, do not directly advance our Strategic Plan goals, were of limited duration, or have already been completed.

We are also proposing to increase fee revenues to be deposited into a special fund in the Treasury dedicated to help offset the costs of administering our living marine resources and marine santuaries. There will also be increased fees for our aeronautical charts. The specific details of these fees are being developed in close consultation with NOAA's constituent communities and the Congress. Our guiding principles in developing these fees are that the fees be reasonable, that they not represent an onerous burden, and that the revenues generated by the fees be used to benefit the people paying the fees.

We believe we have a robust budget for 1995. It reflects an equitable balance between investments in the future and proposed savings necessary to control spending. In this process, as in the development of the Strategic Plan, we took into consideration many factors, including the concerns of key supporters such as your committee, Mr. Chairman. I look forward to working with you and the other committee members in the coming months to develop our final budget for NOAA for 1995.

Thank you for the opportunity to provide these brief remarks.

[The prepared statement of Dr. Baker follows:]

Statement by the Undersecretary
for Oceans and Atmosphere
U.S. Department of Commerce

Dr. D. James Baker

Before the House Appropriations
Subcommittee on Commerce,
Justice, State and the Judiciary

March 15, 1994

Mr. Chairman and members of the Committee, I am pleased and honored to appear before you today in support of the FY 1995 budget request for the National Oceanic and Atmospheric Administration (NOAA). I am accompanied today by Doug Hall, Assistant Secretary; Diana Josephson, Deputy Under Secretary; Kathy Sullivan, Chief Scientist; and Andrew Moxam, our Comptroller. Also, NOAA's program managers are present.

We have restructured NOAA's budget--from the previous, organization-based structure-- to the current structure which mirrors the Strategic Plan. This new structure allows us for the first time to directly link NOAA's programs with agency-wide goals and objectives. It is revitalizing our agency by giving us the flexibility to apply our resources across traditional NOAA program elements, allowing us to implement more cost-effective techniques and to become more responsive to users. Interdependence of ocean and coastal issues demands this approach, and the Administration's FY 1995 budget reflects it.

The Department of Commerce has organized its FY 1995 budget request into five themes or baskets. The NOAA programs are included in two of these baskets, one on Environmental Stewardship and Assessment and the other on Civilian Technology. The formulation process for NOAA's budget was both highly interactive and positive. NOAA was engaged fully with the Department of Commerce and the Office of Management and Budget in discussing all of the issues, and received good support throughout the process. NOAA's FY 1995 budget reflects the strong environmental concerns and priorities (sustainable development and ecosystem health) of the current Administration.

NOAA's total FY 1995 budget request is $1.964 billion, basically unchanged from our FY 1994 appropriation. BUT, it does include significant changes which will advance our environmental research and resource management responsibilities and support the President's high priority agenda items. This is reflected in an increase from FY 1994 of 8.3 percent, or $146 million in the Operations, Research and Facilities account, for a total of $1.897 billion.

This Administration was elected with a mandate and plans to address a wide range of economic and environmental problems facing the Nation. NOAA has developed action plans to address many of these problems and better link our environmental stewardship, assessment and prediction capabilities with objectives for ensuring sustainable development and economic growth. I urge you to consider supporting strongly the President's Fy 1995 budget request for NOAA.

Our highest priority continues to be the maintenance of NOAA base programs. Without an adequate base, we cannot maintain our levels of service to the public. Beyond that, we must continue to make progress in advancing our forecast and prediction capabilities. The economic benefits of improved environmental information are compelling; we can't afford not to make this kind of investment for the future. In addition, we must also begin to apply a broader ecosystem approach to our environmental problems. The Administration's approach toward the forest problems in the Northwest serves as a good example.

I will now summarize NOAA's FY 1995 budget initiatives which are reflected in our Strategic Plan. Focus areas in FY 1995 are:

ENVIRONMENTAL STEWARDSHIP

As Federal trustee for living marine resources and their habitats, NOAA oversees both coastal economic health and coastal ecosystem health. NOAA's Environmental Stewardship investment strategy includes the following program initiatives:

Building Sustainable Fisheries. $258 million is requested to refocus policies and fishery management planning on increased scientific information, rather than letting controversy and confusion drive decision-making. An increase of $40.6 million is proposed to maintain ongoing operations and to develop ambitious fishery management plans to address the desperate situation facing the Nation's fisheries. We need to address and resolve uncontrolled fishery access, overcapitalization, overfishing, and a host of other resource management issues. We will continue support for the eight Regional Fishery Management Councils, and increase funding for the Fishery Reinvestment Program to assist the fishing industry during periods of stock rebuilding. This will help address the short-term economic dislocations that can be associated with stock rebuilding efforts.

Recovering Protected Species. We also are continuing our efforts to improve our stewardship of protected marine species. We need to be proactive rather than reactive in our response to conflicts between these species and the users of other living marine resources. We need to be able to maintain this fragile balance in our Nation's oceans.

These are complex issues. For FY 1995, NOAA requests a total of $50.6 million, a net increase of $19.2 million over the FY 1995 base, to continue to fulfill the statutory responsibilities of the Endangered Species Act and the Marine Mammal Protection Act. NOAA will increase efforts to assess the status of marine mammal populations and trends, reduce interactions between human activities and protected species, and develop and oversee implementation of conservation and recovery plans. The goal is to devise a strategy and approach to reduce listings of species as threatened or endangered.

Coastal Ecosystems Health. A healthy coastal ecosystem requires that economic development is managed to maintain biodiversity and long-term productivity from sustained use. A total of $167.8 million (including $7.8 million from the Coastal Zone Management Fund) is requested for FY 1995 to continue efforts to support and guide the management of coastal watersheds, including non-point pollution control, protection of marine sanctuaries, and habitat conservation. NOAA's new Center for Coastal Ecosystem Health, now being established, is an important element in this equation. Full funding for CZMA grants is included in our request. In FY 1995, we have requested increases of $3.0 million for improved management of the Nation's marine sanctuaries, and $2.4 million for habitat conservation.

ENVIRONMENTAL ASSESSMENT AND PREDICTION

NOAA will improve its capability to observe, understand, and predict the environment by enhancing short-term warning and forecast products and services, producing forecasts of global climate variability, and providing science-based advice to policy-makers to manage the global environment. NOAA's Environmental Assessment and Prediction investment strategy includes the following program initiatives:

Advance Short-Term Warning and Forecast Services. NOAA will significantly improve short-term warning and forecast services for the entire environment: atmosphere, water resources, coasts, oceans and space. Funds are requested to maintain ongoing forecast and warning operations, including continuing the modernization and restructuring of the National Weather Service. In the case of NEXRAD and ASOS procurement and new office construction, NOAA is on the downside of the funding profile. We will also continue the development of the AWIPS system, and the current series of GOES and Polar satellites. I might add that the first in the new series of GOES spacecraft is undergoing final preparation for launch on April 12, 1994.

Implement Seasonal-to-Interannual Climate Forecasts. We will take significant steps towards implementing reliable seasonal-to-interannual climate forecasts to guide economic planning. NOAA aims to provide, in conjunction with its international partners, reliable one-year lead-time forecasts of global climate variability, especially the El Niño-Southern Oscillation (ENSO). The dramatic changes in precipitation and surface temperature distribution that accompany ENSO and other short-term climatic events can have devastating economic effects. These forecasts will be designed to foster regional and world-wide strategic responses to mitigate economic losses and social disruption.

In FY 1995, NOAA requests a total of $94.4 million for the Seasonal and Interannual Climate initiative. Included in this initiative is $38.6 million for the President's U.S. Global Change Research Program (USGCRP), reflecting an increase of $14.7 million, which directly supports NOAA's seasonal-to-interannual activities.

Predict and Assess Decadal-to-Centennial Climate Change. It is also critical to address decadal-to-centennial changes in the global environment. In FY 1995, NOAA will continue research designed to provide Government and industry the scientific basis for making informed decisions on both the control of greenhouse gases through USGCRP and the implementation of the Clean Air Act Amendments of 1990 through the new Health of the Atmosphere program. To address these long-term changes, NOAA requests $94.1 million for the Decadal to Centennial initiative. Of this amount, $45.4 million, an increase of $6.3 million, for the U.S. Global Change Research Program directly supports prediction of decadal-to-centennial climate change.

Infrastructure. Underlying all of NOAA's operating programs are the capital assets without which our observations, assessments, predictions and stewardship responsibilities would be impossible, e.g., NOAA's fleet of ships and aircraft and NOAA's buildings and laboratories. Maintaining these assets is critical if NOAA is to carry out its programs efficiently, effectively and reliably. In FY 1995, $41.0 million are required to maintain our capital assets. This is comprised of $23.1 million for Fleet Replacement and Modernization, and $17.9 million for Environmental Compliance and Facilities.

CROSS-CUT

NOAA efforts to provide leadership in environmental stewardship and environmental prediction and assessment cannot succeed without the successful pursuit of technology and education programs that cross agency lines to tap external resources, expertise, and experience. NOAA's scientific expertise will contribute to National and global environmental observing and adaptation programs.

In FY 1995, NOAA will share with NASA host responsibilities for the Vice-President's interagency Global Learning and Observations to Benefit the Environment (GLOBE) Program. As stated by the President in his State of the Union address, GLOBE will enhance global environmental awareness and increase scientific understanding of the Earth by working with the worldwide network of schools to collect environmental observations. Our budget contains a $7.0 million increase for this exciting program.

CIVILIAN TECHNOLOGY

In FY 1995, there is one NOAA program which contributes to the Department of Commerce Civilian Technology basket - Environmental Information. NOAA will promote effective distribution of data and information from its unique and massive environmental data holdings through information technologies built on the new National Information Infrastructure.

NOAA's proposal to significantly increase participation in the President's High Performance Computing and Communications (HPCC) Program epitomizes the fundamental Federal role in HPCC. Federal efforts, including those of NOAA, are critical components of the bridge from the advanced research supported by the National Science Foundation and other computer science research agencies to widespread deployment and support in U.S. industry partnerships. This program was funded at $1.0 million in FY 1994 and we are requesting $15.5 million in FY 1995 for these critical efforts.

Finally, not all programs are increasing. NOAA is operating under tight funding constraints. Our FY 1995 policies, as well as resource allocations reflect the need to focus on those high-priority programs and investments with the greatest potential return. In some cases, the reductions reflect planned decreases for major construction and acquisition programs. Other reductions include activities that do not reflect NOAA's mission, do not directly advance our Strategic Plan goals, were of limited duration, or were completed. Inherent in these decreases are the Administrative and Personnel savings ($15,700,000) as reflected in the President's Executive Order.

For FY 1995, the amount of funding spent on conducting research will increase by approximately 13% ($50 million). Much of this research is incorporated in the major increase proposed in our fisheries programs and in the Climate and Global Change program. One program of significant potential, Health of the Atmosphere (with an increase of $2.5 million), will provide scientific data needed by policymakers on how to implement Phase 2 of the Clean Air Act Amendments of 1990, particularly in rural and forested areas where current controls will not be effective. Phase 2 implementation is estimated to cost the public between $10 and $40 billion per year and we believe our research can help policymakers select more cost-effective solutions.

NOAA also is proposing to increase fee revenues ($88 million), to be deposited into a special fund in the Treasury to help offset the costs of administering our living marine resources, marine sanctuary, and aeronautical charting programs. The specific details of these fees are being developed in close consultation with NOAA's constituent communities and the Congress. Our guiding principles in developing these fees include the idea that the fees be reasonable and not represent an onerous burden and that revenues generated by the fees be used to benefit the people paying the fees.

For FY 1995, NOAA proposes largely to finance its programs most directly related to mapping and charting, and marine navigational safety from Harbor Maintenance Trust Fund receipts. Authorizing legislation will be transmitted to permit this change in financing for the Operations, Research and Facilities account. The amount proposed to be derived from the trust fund is $45.5 million.

NOAA's FY 1995 budget request reflects an equitable balance between investments in the future and proposed savings necessary to control spending. In this process, as in the development of the strategic plan, we took into consideration many factors, including the concerns of key supporters, such as the Committee. I look forward to working with you and the other committee members in the coming months to develop a robust FY 1995 budget for NOAA.

Mr. Chairman, thank you for providing me with the opportunity to present NOAA's FY 1995 Budget. I will be happy to answer any questions the Committee may have.

AIRCRAFT PROCUREMENT

Mr. SMITH. You mentioned the new aircraft. I think we ought to put a little something in the record here, because it has been the subject of more than one of the rescissions, including the one last fall on the earthquake and on the floods. Tell us, where is that procurement at this point?

Dr. BAKER. As I understand it, at the moment——

Mr. MOXAM. We are going to go out in April with a Request For Proposal and plan to obligate funds by mid-September on this, Mr. Chairman.

Mr. SMITH. And for the record here, how important is that to predicting hurricanes?

Dr. BAKER. Well, Mr. Chairman, we found that it is necessary to have two kinds of information for predicting the track of hurricanes. One source of information is the satellite observations which provides a picture from above, the other type of information is provided by the aircraft that fly directly through the hurricanes to give us a profile of temperature and the water vapor and the actual precipitation. That combination of information is fed into our models in order to provide the tracking.

We have done, I think, a very good job of tracking. Hurricane Emily was a good example last year. But without that data, without the data obtained by flying through the hurricanes with aircraft, we would not do nearly as good a job on tracking. It is a critical element of our hurricane tracking and forecasting.

Mr. SMITH. You can more accurately forecast where it will hit the coast, is that true?

Dr. BAKER. That is right. Yes, sir.

Mr. SMITH. And the aircraft you have now will not fly at the same altitude. Why won't they do the job?

Dr. BAKER. Well, we have two aircraft that we use, and there is also a fleet of Navy aircraft—Air Force, sorry. How many do we have of those?

Mr. MOXAM. Six.

Dr. BAKER. That provide information. The new aircraft flies higher.

Mr. SMITH. How much higher?

Dr. BAKER. Well, it is a 40,000 foot aircraft. What is the limit of our current—25,000.

Mr. SMITH. 15,000 feet higher.

Dr. BAKER. It allows us to go into a different part of the hurricane structure that we could not do otherwise, plus it will be outfitted with the most modern instrumentation. In fact, we are now working on the instrumentation package for that.

FEE PROPOSALS

Mr. SMITH. Well, I thought it was interesting that when some Members proposed cutting out the aircraft; at the same time, we were talking about disaster relief and catastrophes. Anyway, you mentioned the fees; you said that they would be useful, but the way they are scored they don't benefit our bill. That is one of our problems with fees—they go into the general Treasury and people paying the fees don't seem to get much out of it and they don't help us much in this bill.

AQUACULTURE

Tell us about your aquaculture program. Tell us how you are coordinating your program with Agriculture. They have an aquaculture program, too.

Dr. BAKER. That is correct. Rollie Schmitten, the Director of our Fisheries Program.

Mr. SCHMITTEN. I am the Assistant Administrator for Fisheries. We recognize Agriculture as having the lead for aquaculture. We happen to believe that there is a significant piece in that for marine resources. We can do the technology and the science in the marine arena; and we believe we can do that in a partnership arrangement.

There is current legislation pending in which we are working with the Department of Agriculture to be a part of that. And I believe our budget is in the neighborhood of $1.1 million increase for aquaculture, and this is the first time in probably eight years that National Marine Fisheries Service and NOAA has recognized an increase in aquaculture.

Mr. SMITH. Well now, just as an example, maybe it has no application, but in crossing the salt water bass with the fresh water bass, did both of you work on that or was that before your time?

Mr. SCHMITTEN. That was before. But it is a situation in which we both could work on that. We happen to have the expertise in the marine arena. There are some fish—anadromous stocks, salmon, for instance—which live both in fresh water and salt water. Both the Department of Interior and Commerce have agreed that we would have the lead in those cases where stocks cross both salt and fresh water.

Mr. SMITH. NOAA has the lead?

Mr. SCHMITTEN. Yes, sir.

ZEBRA MUSSELS

Mr. SMITH. Okay. You didn't ask for any money for Zebra mussels. Am I correct about that?

Dr. BAKER. Yes, that is correct.

Mr. SMITH. Does that mean the problem is solved?

Dr. BAKER. The Zebra mussel problem is probably as bad as it has ever been in terms of the numbers of mussels and how they impact the economy in the lakes and waters.

Mr. SMITH. They are still spreading?

Dr. BAKER. Yes. In fact, a great number of Zebra mussels were washed downstream as part of the Mississippi flooding. We agree that there is a role for research on Zebra mussels, but we really believe that the real problem is trying to look at mitigation of Zebra mussels. We feel that NOAA's role can be carried out in Zebra mussels through the existing funds that we have in our base program in Sea Grant.

There are a number of alternative funding sources for Zebra mussel research, both from private and public sectors, and we have funded a program through our Great Lakes Environmental Research Laboratory that will have its work finished in 1994. U.S.

Fish and Wildlife Service, EPA and Army Corps of Engineers are also continuing their monitoring efforts on Zebra mussels, and there is work at the Virginia Institute of Marine Science in looking at whether the Zebra mussel has a natural biological predator.

Mr. SMITH. Who do you view as having the lead on Zebra mussels, then?

Dr. BAKER. Well, as I say, I think the main issue with Zebra mussels is mitigation, and I would guess the Department of Interior would have the lead on that activity. But that is not a definitive answer.

Do you have a good answer on who has the lead? We don't have a good answer on that. We'll provide that for the record.

[The information follows:]

The Aquatic Nuisance Prevention and Control Act of 1990 (P.L. 101–646) established the Aquatic Nuisance Species Task Force to "develop and implement a program for waters of the United States to prevent introduction and dispersal of aquatic nuisance species; to monitor, control and study such species and to disseminate related information." This Task Force is co-chaired by the Director of the Fish and Wildlife Service and the Under Secretary for Oceans and Atmosphere and includes the Administrator of the Environmental Protection Agency, the Commandant of the United States Coast Guard, the Assistant Secretary of the Army (Civil Works), plus Senior Representatives of both the Department of State and the Department of Agriculture. The Act however, does not designate an overall "lead" agency on the zebra mussel issue.

Task Force agencies therefore, are carrying out this responsibility based on their specific areas of expertise. NOAA's National Sea Grant College Program's Zebra Mussel Program combines outreach and public education activities with research to examine the effects of zebra mussels regarding both infrastructure and the environment, and development and evaluation of potential control methods. The research program on aquatic nuisance species at NOAA's Great Lakes Environmental Research Laboratory has also been primarily focused on the zebra mussel. The Fish and Wildlife Service is involved with research, education and detection activities; the Army Corps of Engineers has been instrumental in developing a program of research and technology development for the environmentally sound control of zebra mussels in and around public facilities; and, the Coast Guard has developed and implemented ballast water guidelines for the Great lakes and has developed a variety of educational activities.

Mr. SMITH. So the fact that you didn't ask for any money doesn't mean that there isn't still a problem, but you view your part in this as taken care of through your base?

Dr. BAKER. We believe that we can take care of our contribution to the research activity through base funds in Sea Grant, given that there is a number of other activities being carried out, both in mitigation and in other agencies.

SEA GRANT

Mr. SMITH. How much did you ask for Sea Grant?

Dr. BAKER. $43.2 million, which is the same as we had requested in 1994, or the same as was appropriated.

Mr. SMITH. But in 1994, you got money for Zebra mussel, plus an additional amount for Sea Grant.

Dr. BAKER. That is correct.

Mr. SMITH. So you are actually just dropping the amount for Zebra mussels?

Dr. BAKER. Yes. I can say that the Sea Grant mussel outreach activity that we had in Sea Grant had high initial costs due to preparation of publications and other materials for distribution which we have now covered and we believe that the ongoing activities there can be carried out with the base funds in the Sea Grant program.

Mr. SMITH. At least you asked for some money for the Sea Grant program. For years here we had proposals from the administration to zero that out.

Mr. Rogers.

WEATHER SERVICE MODERNIZATION

Mr. ROGERS. Dr. Baker, you and your staff, welcome to our subcommittee.

Now, last year was the peak year for Weather Service modernization. We provided almost the full request, $264.7 million, which allowed NOAA to proceed with systems acquisition for NEXRAD, Automated Surface Observation Systems, Advanced Weather Interactive Processing System, upgraded central computer facility, staffing for the new offices coming on line, and so forth.

What is the status of the entire Weather Service modernization project? And how much is included in your request for modernization? And how does that compare to the initial plans for the modernization?

Dr. BAKER. Thank you, Mr. Rogers.

Let me say that the total amount we have requested for Weather Service modernization is $433.9 million. We believe that this amount is adequate for us to continue to deliver the program on schedule with the weather stations and other implementation items that we have proposed.

Mr. ROGERS. How is it going?

Dr. BAKER. Well, the application of the new radar technology is working better than expected. We now have two commissioned radars, one in Guam and one in Oklahoma City. We have 71 radars in the tri-agency program that have been operating.

The data has turned out to have worked better than we expected. The new radar technology gives us a better range and a better warning. I think in every case Weather Service Personnel and members of the public who are served, have been very pleased with the way the new system has operated. It has been a very exciting new and successful program.

Mr. ROGERS. You certainly had plenty of opportunities to observe weather this winter.

Dr. BAKER. Yes, sir, we did.

Mr. ROGERS. Now, you are requesting a decrease of $15 million and 114 positions from base Weather Service operations. Last year you requested a $20 million increase, which we gave you, for the base Weather Service operations. That was done in order to avert a repeat of past problems in short funding of field offices. But now you are requesting a $15 million decrease and a cut of 114 positions.

Where and how will those cuts be taken and why?

Dr. BAKER. Mr. Rogers, we, because of what I just said, the successes that we have had with this system, we believe that we can accelerate the termination of some of our other activities that no longer contribute to the mission, while at the same time staying within Public Law 102–567. We believe that we can absorb those cuts, the FTEs and the $15 million, and continue to operate and provide our program on schedule with the budget numbers that we have.

We have looked very carefully at this. We have folded in the success of the new technology and the data that has been delivered, and we believe that we can do it within the budget that we proposed.

Mr. ROGERS. Without affecting service?

Dr. BAKER. Without affecting service, that is right, sir.

Mr. ROGERS. Now, are you planning any changes to the certification process or staffing requirements contrary to the Public Law 102–567?

Dr. BAKER. No, sir.

Mr. ROGERS. How many Weather Service offices have been certified under those requirements?

Dr. BAKER. None yet.

Mr. MALONEY. The first certification that will occur will be later this year.

Dr. BAKER. It starts later in 1994. The process has not yet started.

WATER RESOURCES FORECASTING SYSTEM

Mr. ROGERS. You are proposing to use $1.5 million in 1995 to implement a water resources forecasting program on the Upper Mississippi Basin. Describe for me what you plan to initiate there.

Dr. BAKER. This is, in our view, one of the most important new activities that we can do, and it certainly was emphasized very strongly by the great flood of 1993, which dramatized the need for improved predictions of river levels to support flood management and damage mitigation. The better job we can do of providing forecasts, the better job we can do of siting where the levees have to be.

We know that allocation of water among competing needs looms as a national problem that demands better water resource management and forecasts, both during floods and droughts. We plan to phase in an improved water resources forecasting system which involves better measurements and better modeling techniques using our computer models to do these forecasts.

We are going to build on existing infrastructure that we have—the modernization, with its various technologies and partnerships with our other agencies that we deal with—in order to make this happen. This is a very exciting program.

Mr. ROGERS. What can we expect out of that, and who else is involved?

Dr. BAKER. Lou, can you——

Mr. BOEZI. We have cooperative arrangements. My name is Lou Boezi, Deputy Assistant Administrator for Weather Service Modernization. State and local governments, other Federal agencies, as well as other parts of NOAA, are involved in providing the WARFS support that we are planning.

Mr. ROGERS. What can we expect out of this, then?

Mr. BOEZI. Well, what we expect out of this are forecasts, probabilistic-type forecasts for innundation, flooding, that sort of thing, that reach out in time in the order of one to two months. If I might give you an example, this Spring, of course, we are concerned about flooding and it would be quite nice if we could provide, in addition, probabilities for the upper reaches of the Mississippi or the eastern parts of the country.

GLOBE PROGRAM

Mr. ROGERS. Now, Dr. Baker, you are requesting $7 million and eight positions for a new program, the Global Learning and Observations to Benefit the Environment Program, GLOBE. My understanding is that this is a program to use school kids to collect environmental data; is that right?

Dr. BAKER. Yes, sir. That is correct. What we have tried to do in the GLOBE program is address the general issue of building human resources and environmental awareness among school children, young children, so that we have a cadre of educated public that can deal with environmental issues. The Vice President has been very interested in trying to respond to the Congressional interests in better environmental education, and we were eager to work with him to develop a program that would not only involve school children so that they would learn more about the environment, but also provide additional information about the environment that would be valuable for scientific forecasts.

We have been working with the Vice President and other agencies to see if we could put together a program that would start that process. At the outset, NASA and NOAA have been involved because we are looking at a way to send data from schools back to central modeling centers and then back to the schools so that children have some sense about how their input changes information about the environment.

We think this is an exciting initiative that responds to Congressionally-driven need and interest in environmental education and scientific education, and it fits our mission and expertise in NOAA with our technological and scientific background.

Mr. ROGERS. By and large, it is an educational program, isn't it?

Dr. BAKER. Yes, sir.

Dr. ROGERS. Then why isn't the Department of Education funding this, rather than NOAA?

Dr. BAKER. The Department of Education is involved on all the planning committees, but at the outset, the technology that will be used for the program involves satellites, satellites transmitting information, and modeling techniques, and these are technologies that are involved in NOAA and NASA. Next year I think you will see a very strong contribution in the participation by both EPA and the Department of Education.

Mr. ROGERS. Did OMB add this program to your request?

Dr. BAKER. No, sir. This is a program that we were very much involved with and we thought it was an important thing to do.

Mr. ROGERS. So you requested funds for this project in your orignal submission to OMB?

Dr. BAKER. Together with the Vice President and NASA and the other agencies, we put together a budget request of which this was the first year.

Mr. ROGERS. How many schools will be involved in this program?

Dr. BAKER. In 1994, we saw a pilot program involving about eight schools and looking to go up to about 300 in 1995.

Mr. ROGERS. How many kids will be involved?

Dr. BAKER. Well, we look at about, somewhere between 100, 200 per school, so maybe 1,500 at the beginning and then, about 30,000 to 40,000 in the second year.

Mr. ROGERS. What age level of children are we talking about?

Dr. BAKER. We are looking at a range of activities that could appeal to school children of a variety of ages. That is, looking at the third or fourth grade, taking fairly simple measurements into the system and on up to high school being able to develop fairly sophisticated measurements, for example, pH measurements of lakes, and so on.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided for the record:]

During FY 1994, there will be no school activities in GLOBE. During FY 1995, there will be 100 to 300 schools participating, of which 20 to 40 will be in the U.S. The age of these students will range from 10 to 18. At least 90% of the GLOBE funds will be spent in the U.S.; the overseas costs will be shared with foundations and other countries. Teacher training will be done by the host country in most cases, and the equipment which leaves the US will be purchased in the U.S. Although decisions on FY 1996 have not been made, we expect that in FY 1996 the NOAA funding for GLOBE could increase to $12 million.

Mr. ROGERS. What do we expect in the way of costs in fiscal 1996 and the following years?

Dr. BAKER. The 1996 budget has not yet been developed, but I can say that we are looking to other countries to provide funding for the international part of this activity, and we are working right now with industry to see if we can't find industry and foundation support for a large part of the costs.

Mr. ROGERS. Assuming you don't do that and we have to foot the bill, give us a rough idea of what this is going to cost in a year or two?

Dr. BAKER. Well, our current estimate would be something like what we have in 1995.

REQUEST TO OMB

Mr. ROGERS. Now, in closing this round, let me ask you, what was your total OMB request?

Dr. BAKER. $1.964. Oh, no, excuse me, sorry.

Mr. MOXAM. The request to the Office of Management and Budget was about $2.2 billion, Mr. Rogers.

Mr. ROGERS. So they cut you by about $400 million?

Mr. MOXAM. Approximately, yes, sir.

Mr. ROGERS. What did they cut out that you wanted?

Mr. MOXAM. I would like to provide further information for the record, but some of it had to do with the costs associated with satellites. There is a good deal of discussion on that, and some of the other Strategic Plan areas such as Modernizing Navigation and fleet and Healthy Coastal Ecosystems.

Mr. ROGERS. Was the Fleet Modernization a big chunk out of that $400 million?

Mr. MOXAM. That would be in the neighborhood of $86 million; yes, sir.

Mr. ROGERS. I see. So what big chunks were cut from your request?

Dr. BAKER. There was nothing bigger—I think our Healthy Coastal Ecosystems Initiative did not get the full funding that we requested. But we did not have one big item.

Mr. ROGERS. If you will for the record, provide us a list in some detail of what your request was but was not approved by OMB.

[The information follows:]

The table provided below shows the FY 1994 Currently Available and tracks the FY 1995 Submission at OMB and the President's Request by Strategic Element structure. OMB based their decisions for NOAA's budget on national priorities and the placement of NOAA programs requests as a portion of a complete package encompassing the President's request.

COMPARISON OF FY 1995 BUDGET REQUEST
OMB Submission vs. President's Budget
(dollars in thousands)

	FY 1994	FY 1995		
TOTAL NOAA STRATEGIC PLAN (ORF & NON-ORF), BY INITIATIVE AND ELEMENT	Currently Available	OMB Submission	President's Request	Difference
Advance Short-term Forecast and Warning Services				
Short-term Base Funding	431,506	431,413	438,958	7,545
Complete NWS Modernization	451,229	466,384	437,400	(28,984)
Satellite Continuity	139,162	183,901	159,241	(24,660)
Enhance Observation and Prediction	78,184	69,834	54,985	(14,849)
Improve Application and Dissemination	761	776	774	(2)
Subtotal obligations	1,100,842	1,152,308	1,091,358	(60,950)
Build Sustainable U.S. Fisheries				
Assessing the Status of Fishery Resources	135,494	160,113	155,422	(4,691)
Advancing Fishery Prediction	11,688	19,164	12,745	(6,419)
Managing for Economic Growth	64,562	62,723	62,381	(342)
Ensuring Adequate Compliance	12,000	15,740	16,886	1,146
Reducing Bycatch	6,157	5,553	5,515	(38)
Aquaculture	16,313	6,718	5,849	(869)
UNCED Activities (Fisheries Related)	0	0	0	0
Subtotal obligations	246,214	270,011	258,798	(11,213)
Fleet Replacement and Modernization				
Fleet Replacement and Modernization (Fish)	12,480	50,895	14,659	(36,236)
Fleet Replacement and Modernization (Hydro)	6,142	39,309	797	(38,512)
Fleet Replacement and Modernization (Res)	58,442	19,046	7,584	(11,462)
Subtotal obligations	77,064	109,250	23,040	(86,210)
Recovering Protected Species				
Reduce Marine Mammal/Fishery Interactions	5,137	9,992	7,154	(2,838)
Assess the Status of Protected Species	21,642	28,765	28,267	(498)
Implement Recovery/Conservation Plans	4,344	12,891	12,956	65
Take a Proactive Approach/Prevent Listings	0	2,200	2,200	0
Subtotal obligations	31,123	53,848	50,577	(3,271)
Coastal Ecosystems Health				
Integrated Management Operations	68,454	82,650	71,420	(11,230)
Comprehensive Assessment and Synthesis	42,148	20,855	33,285	12,430
Expanded Ecosystem Monitoring	4,952	8,060	4,998	(3,062)
Improved Understanding	66,944	67,664	56,781	(10,883)
Increased Outreach	2,521	1,347	1,364	17
UNCED Activities (Coastal Related)	0	0	0	0
Subtotal obligations	185,019	180,576	167,848	(12,728)
Environmental Compliance and Facilities Construction				
Facilities Repairs and Renovation	11,362	16,809	7,479	(9,330)
Environmental Compliance	4,000	16,414	6,000	(10,414)
New Construction	28,557	9,162	4,421	(4,741)
Subtotal obligations	43,919	42,385	17,900	(24,485)

Education and Human Resources				
Human Resources	0	0	0	0
Education	4,467	3,663	11,355	7,692
Subtotal obligations	4 467	3,663	11,355	7,692
Environmental Technology				
Implement Pilot Programs	0	0	0	0
Marine Biotechnology	14,623	14,628	14,474	(154)
Subtotal obligations	14,623	14,628	14,474	(154)
Modernize Navigation and Positioning Services				
Navigation Data Products and Services	56,674	82,163	57,072	(25,091)
National Spatial Reference System	19,654	20,984	19,332	(1,652)
Subtotal obligations	76,328	103,147	76,404	(26,743)
Implement Seasonal to Interannual Climate Forecasts				
Prediction Systems (Research and Operations)	15,347	21,586	21,360	(226)
TOGA Observing Systems	0	0	2,000	2,000
Other Observing and Data Systems	4,700	8,062	4,703	(3,359)
Improved Data Systems	27,600	29,543	30,273	730
Process Research	42,375	33,394	36,112	2,718
Socio-Economics and Education	0	0	0	0
Subtotal obligations	90,022	92,585	94,448	1,863
Predict and Assess Decedal-to-Centennial Change				
Climate and Global Change	88,772	80,440	78,055	(2,385)
Health of the Atmosphere	1,376	15,315	3,938	(11,377)
Insuring a Long-term Climate Record	11,932	12,304	12,143	(161)
Research Instrumentation		0	0	0
National Underseas Research Program	1,908	2,038	0	(2,038)
Subtotal obligations	103,988	110,097	94,136	(15,961)
Environmental Information				
Networking Connectivity	550	7,750	8,326	576
Advanced Computational System	450	7,200	6,670	(530)
Human Resources/Education	0	0	0	0
Data Dissemination Pilots/Tools	0	0	502	502
DOC-wide Environmental Info Dissemination	0	0	0	0
Govt-wide Environmental Info Dissemination	0	0	0	0
Subtotal obligations	1,000	14,950	15,498	548
Office of Administration	70,706	71,755	72,356	601
Undistributed ATB's	0	20,181	0	(20,181)
Total NOAA Obligations	2,045,315	2,239,384	1,988,192	(251,192)
Other offsetting collections	(23,692)		(9,300)	(9,300)
Recoveries	(22,990)	(15,000)	(15,000)	0
TOTAL NOAA BUDGET AUTHORITY	1,998,633	2,224,384	1,963,892	(260,492)

Mr. ROGERS. Mr. Chairman, I will have further questions on the second round.

Mr. PRICE [presiding]. Mr. Mollohan.

SATELLITE PROGRAMS

Mr. MOLLOHAN. Dr. Baker, let me ask you a couple of questions about your satellite programs. You indicated that this was one area that OMB cut your request significantly?

Mr. MOXAM. We had some cuts in the satellite programs, yes, Mr. Mollohan; but I don't think it will adversely affect the programs themselves.

Mr. MOLLOHAN. How much did you request from OMB for your satellite programs that you didn't receive?

Mr. MOXAM. I would have to provide that for the record, sir. I don't recall that number now.

[The information follows:]

OMB originally provided our full request ($157,047,000) for the GOES satellite program in FY 1995. The OMB allowance was reduced to the current President's Request level ($138,047,000) subsequent to the OMB passback based on the need to continue the production and launch of the Polar orbiting satellites necessary to assure continuity of a two-polar satellite program. This adjustment was based on the loss of NOAA–13 which occurred after submission of the OMB budget. This level will provide sufficient funding to continue the current GOES I–M base program assuming a planned FY 1995 $9,000,000 use of the GOES Contingency fund, and to begin the procurement of M′ and M″ spacecraft in the current production line.

LANDSAT PROGRAM

Mr. MOLLOHAN. I understand that NOAA will again be involved in the LANDSAT program, and I would like to ask you a few questions about that, if I might.

What role will you be playing with regard to the LANDSAT program?

Dr. BAKER. Mr. Mollohan, there is a proposal that the President is now considering about all of the options for acquisition and operation of LANDSAT 7, which had a certain amount of urgency because of the loss of LANDSAT 6, and the fact that the Department of Defense has decided that they wanted to play less of a role in the LANDSAT program than had originally been agreed to. There is no final decision on how that would work, and so I can't give you a final answer.

Let me say that we have looked at NOAA as the operator of environmental satellites and tried to see, as we look at our strategic planning, whether it made sense for us to be engaged in any one of various environmental satellites that might be needed by the Nation. There is a very strong feeling by the U.S. Global Change Research Program that the data that LANDSAT 7 would provide is very important, a strong statement on that side.

I also think the proposals that are being considered by the President will provide that data and be consistent with the budget for that program and consistent with the money that is available from DOD and from NASA. We are trying to put those together.

Mr. MOLLOHAN. How far along are we in deciding who is going to perform what responsibilities?

My understanding is that the Department of Defense is pretty well out of it now, aren't they?

Dr. BAKER. The Department of Defense has basically said, I think I can say that they don't see LANDSAT as a high priority for them, and the earthquake supplemental, Public Law 103–211 designated NASA has the responsible party for acquisition and operation of LANDSAT 7. So I think that is a fact, that is on the table at the moment.

Mr. MOLLOHAN. And you are engaged now in discussions with NASA as to how you might share that responsibility, are you not?

Dr. BAKER. Yes, sir. We are engaged in discussions with NASA and OMB about the best way to provide this national capability. I think from our point of view and from our constituents' point of view, the important thing is that the information be provided and how do we do that.

Mr. MOLLOHAN. What is the status of your discussions?

Dr. BAKER. Well, I would say that we expect a decision on this shortly.

Bob, do you know how soon that LANDSAT decision is coming down?

Mr. WINOKUR. We should get a decision on the overall LANDSAT structure soon.

Mr. MOLLOHAN. And what responsibilities could we anticipate NOAA taking?

Dr. BAKER. Well, as I say, I can't give you a definitive answer on that.

Mr. MOLLOHAN. Well, the discussions at this point——

Dr. BAKER. I think we have seen NOAA as an operator of environmental satellites. So a maximum role that NOAA would play would be operating ground systems and the satellite once it is in its operational mode.

Mr. MOLLOHAN. NASA would construct the ground system and the craft?

Dr. BAKER. Well, there is a ground system now that is developed for LANDSAT 6. That needs to be upgraded to provide for the additional data capabilities of LANDSAT 7, and then operated. So there are two pieces to that, an upgrade and a continuing operation.

Mr. MOLLOHAN. But given the state of your discussions now, it would be fair to say that this is the general breakout, that NASA would build the system, turn it over to NOAA and NOAA would operate it?

Dr. BAKER. That is certainly one logical scenario and that is what we have done in the past.

Mr. MOLLOHAN. I know it is logical. What I am trying to get to is the matter as positioned now, is that the way it seems to be breaking out?

Dr. BAKER. I would say we are in the course of discussing that with OMB.

Mr. MOLLOHAN. And you haven't come to any resolution?

Dr. BAKER. We have not come to a resolution on that.

Mr. MOLLOHAN. What is the budgetary impact of this for NOAA? Is the budgetary impact anticipated in your request here?

Dr. BAKER. There would be no budgetary impact in 1995. So there is no request in 1995.

Mr. MOLLOHAN. Would funding be transferred from DOD or from NASA? Is that the reason?

Dr. BAKER. Well, LANDSAT 7 wouldn't need money in 1995. As far as 1996 and beyond goes, the five-year cost, and Bob, you can correct me, the five-year cost of upgrade and operation for LANDSAT is about $115 million.

Mr. WINOKUR. Yes. My name is Bob Winokur. I am the Assistant Administrator for Environmental Satellites and Data for NOAA. The overall cost, like Dr. Baker said, would be in the order of $110 to $120 million.

Mr. MOLLOHAN. Cost to NOAA?

Mr. WINOKUR. For operations. Assuming the satellites and the ground systems are constructed, this is an operational cost. And that would not start——

Dr. BAKER. That is a five-year cost.

Mr. WINOKUR. That is a five-to-six year projection.

Dr. BAKER. And that would be offset by the receipts from licensing of foreign ground stations and the sales of data.

Mr. MOLLOHAN. The user fee type——

Dr. BAKER. That is right. That is the current operation of LANDSAT.

Mr. WINOKUR. We would look primarily to licensing the foreign ground receiving stations, which would provide an offset to the operational costs. We have not gone as far as to determine the sale of data.

Mr. MOLLOHAN. You mean commercially.

Mr. WINOKUR. To the user community, outside of the government.

Mr. MOLLOHAN. Outside of the government. All right. To recap what you have said, NOAA would probably be responsible for approximately $25 million per year for five years beginning in fiscal year——

Mr. WINOKUR. 1998.

Mr. MOLLOHAN. You will not be requesting any money for LANDSAT until fiscal year 1998?

Mr. WINOKUR. For operations, we would not.

Dr. BAKER. But the upgrade of the system would probably start somewhat earlier than that.

Mr. MOLLOHAN. Will you have responsibility for some of the upgrade, or will NASA?

Dr. BAKER. The current designation is that NASA is the responsible party for carrying out acquisition and operation of LANDSAT 7. The cost of doing the upgrade and operation is the $115 million over five years, $25 million a year for the first five years.

Mr. MOLLOHAN. That will be your responsibility?

Dr. BAKER. If, in fact, NOAA was assigned that responsibility, we would——

Mr. MOLLOHAN. These are numbers you anticipate.

Dr. BAKER. Those are the numbers, and those are offset from receipts from licensing of foreign ground stations and sales. Now, EOSAT has basically run this program at no cost. They have been able to recover their costs of operations. Not upgrades, but operations. So the actual total cost would be less than that $115 million, probably no more than half of that, given the receipts in the licensing of foreign ground stations.

Mr. WINOKUR. The $25 million per year would be a maximum operational cost. We anticipate that in fact it may be as low as $17 million per year. We have a range. We don't know the exact cost. And we are working with NASA to define what the ground segment would look like.

LANDSAT/EOS INCORPORATION

Mr. MOLLOHAN. To what extent can the current ground segment, or current ground system be incorporated with NASA EOSDIS requirements. Is that anticipated?

Dr. BAKER. Well, there is, I think there is the opportunity to do that. The EOS, the first satellite, is currently planned for a flight in late 1998, and probably not earlier than 1999, whereas LANDSAT 7, as it is currently planned, will probably fly earlier than that, so we do need a separate ground system in place.

But I think this is a very important point, the way in which EOSDIS is linked with existing ground systems, because that is what EOSDIS is supposed to do for the EOS program, which is a much larger program. The way in which we link LANDSAT with EOS is something we are looking into very carefully right now.

Mr. MOLLOHAN. What role are you playing in that investigation?

Dr. BAKER. Well, we are working very closely with NASA on the data and data systems part of the EOS, because that is where NOAA will have the largest responsibility.

Mr. MOLLOHAN. Do you anticipate those two being merged, the LANDSAT responsibilities and the EOSDIS? Certainly the information is——

Dr. BAKER. I would say a decision has not been made on that, but it certainly would be a very logical thing to do. Bob just pointed out to me that the LANDSAT data as it currently comes and goes to the EROS data centers in South Dakota, which I believe is part of the EOS system.

Mr. WINOKUR. It is part of the LANDSAT planning that is being done by NASA. There will be no change in the archiving of the LANDSAT data. So that data will be sent to the EROS data center, as it always has, and the U.S. Geological Survey has a responsibility for that and has been involved in the discussions with NASA on this matter.

Ms. JOSEPHSON. I believe it is more cost-effective to upgrade the existing ground system.

Mr. WINOKUR. We have to upgrade the existing system because of changes in the LANDSAT 7, so you can't use the existing ground system.

We are looking at the most cost-effective way, but we don't have to build an entirely new receiving system. It would be an upgrade to the LANDSAT 6 ground system. But you can't use the system as it is.

Mr. MOLLOHAN. That is already decided. You don't need to build a completely new system, so you are looking at how you can integrate——

Mr. WINOKUR. We are looking at upgrades.

Mr. MOLLOHAN. The Department of Defense has walked away from this. Well, it is reported that they have.

Does that mean that they are going to have requirements that are not being fulfilled as a result, so that they will be coming to Congress for a separate system? Or will LANDSAT, in some way, satisfy their requirements?

Dr. BAKER. Well, it is very difficult for me to know what the DOD needs are. I think the fact that it is low priority for them, as indicated by the budget, is that they are willing to rely on the civilian system.

Mr. MOLLOHAN. Is that right? You think that they anticipate that they are going to rely upon the civilian system?

Dr. BAKER. Well, I shouldn't have said it quite like that. But I think the fact that it is low priority for them means that they are willing to rely on the other systems they have, plus the existing civilian systems.

Mr. MOLLOHAN. Is that your surmise, or do you——

Dr. BAKER. That is my surmise. Because I don't have any special view into DOD here.

Mr. MOLLOHAN. I understand. Well, you probably do. The other possibility is that they just don't feel it meets their requirements, that it doesn't get to a powerful enough resolution, or whatever, to meet their requirements. Do you have a sense of that? Maybe they are just not satisfied with its technical capability to serve their needs?

Dr. BAKER. I would surmise that that is probably one of the reasons that they made that decision.

Mr. MOLLOHAN. And that just leads me to ask whether or not they will be asking for a separate system sometime down the line?

Dr. BAKER. I was wondering that myself.

Mr. MOLLOHAN. And has that been asked of you?

Dr. BAKER. Asked of us?

Mr. MOLLOHAN. Excuse me, asked of DOD, to your knowledge?

Dr. BAKER. Not that I know of.

Mr. MOLLOHAN. Mr. Chairman, I have some other questions, but I will yield to my colleague.

Mr. PRICE. Mr. Skaggs?

Mr. SKAGGS. Thank you, Mr. Chairman.

Good morning, Dr. Baker.

Dr. BAKER. Good morning.

NOAA VS. DOC BUDGET SUMMARY

Mr. SKAGGS. I am curious initially. I was just looking in your budget summary booklet here and then comparing it to page 19 of the Department's budget in brief and find that they don't reconcile, at least to my meager accounting mind. I don't want to belabor this, since I am sure there is some arcane budget office explanation for this.

But if you can for the record anyway reconcile, since your statement of total appropriation for 1994 of $1.932 billion versus what is in the Commerce Department's total of $1.934 billion and change, and the same with your 1995 request which shows up differently in the Commerce Department's book than it does in your book, which is of passing interest.

Dr. BAKER. We will provide that for you.

Mr. SKAGGS. Thank you.

[The information follows:]

The Budget in Briefs provided by the Department of Commerce (DOC) and the National Oceanic and Atmospheric Administration (NOAA) contain the same numbers in regard to Budget Authority (BA) and Appropriation for NOAA in FY 1995. However, the two documents contain differences in regard to the FY 1994 figures for enacted BA and Appropriation. The two differences entail:

> Scoring of the FY 1994 Recision: DOC included a figure of $10 million for NOAA, NOAA included no entry for the Rescission. The enacted Rescission figure for NOAA is $3 million.
>
> The placement of $5 million for Federal Ship Financing Fund (FSFF) included in the FY 1995 Budget Appendix as appropriation (indefinite): The $5 million is classified as additional borrowing authority by DOC and as enacted FSFF appropriation by NOAA.

The table below explains the difference between DOC and the NOAA FY 1994 budget authority and appropriation:

Budget Authority

$1,934,689	NOAA Discretionary
61,944	NOAA Mandatory (Transfer from Agriculture)
5,000	NOAA Mandatory (FFSF)
$2,001,633	**NOAA reported Budget Authority**
-10,000	Proposed Rescission
$1,991,633	**DOC reported Budget Authority**
$2,001,633	**NOAA reported Budget Authority**
-3,000	Enacted Rescission
$1,998,633	**True FY 1994 NOAA Budget Authority**

FY 1994 Appropriation

$1,932,801	**NOAA reported Appropriation**
-5,000	NOAA classification of FSFF
1,927,801	DOC reported enacted Appropriation
-10,000	Proposed Rescission
$1,917,801	**DOC reported Appropriation**
$1,932,801	**NOAA reported Appropriation**
-3,000	Enacted Rescission
-5,000	NOAA classification of FSFF
$1,924,801	**Revised FY 1994 NOAA Appropriation**

NOAA'S TOTAL BUDGET CHANGE

Mr. SKAGGS. You are about half of the total for the Department, and so one might suppose a likely candidate to be squeezed, as other parts of the Department are given enhanced attention. Without wanting to be disloyal, some things strike me, particularly the overall net decrease for your operation and how that plays out in some particular programs.

The Wind Profiler System, for instance, which I gather you are proposing to shut down, notwithstanding that one NOAA publication, Science Fact Sheet, has a statement that its continued operation, until superseded, is vital to NOAA.

Dr. BAKER. Thank you, Mr. Skaggs. Let me say that in terms of the overall budget, our basic operating funds have increased over 20 percent since 1993. Basic operating——

Mr. SKAGGS. You had a good year last year.

Dr. BAKER. We had a good year last year and we had a good year this year in terms of our basic operating funds. The base that we operate from in 1995 is a lower base than we ended up in 1994 because of at least three one-time items: a new ship, a new aircraft, and a planned and agreed-on program reduction in construction of Weather Forecast Offices.

This is something that was built into our budget. So we start from a lower base. And so in terms of our operating funds, we in fact do see an increase, and I felt that we have very good support within the Department of Commerce for the increases that we received, and good support for our high priority items.

Mr. SKAGGS. So it's best understood, there's a distinction between Capital and Operating accounts, if you will, a distinction that we perhaps ought to make when we deal with the Balanced Budget Amendment this week.

Dr. BAKER. That is a good point. In terms of the Wind Profiler, this is a very exciting demonstration. It provides us new kinds of information about the dynamics of the upper air; it appears that it will be a valuable addition to our weather forecasting, but we do have a decision to make. The implementation of Wind Profilers as an operational system is about a $300 million a year program. If we are going to make that decision, which is a very significant decision, we need some time to look at what we have learned from the demonstration network, and whether in fact we are ready to move from a demonstration network to a full-fledged operational system. We have to do the same thing with the Wind Profiler that we did with Weather Service modernization and NEXRAD.

I think we have a demonstration of technology and we would like to spend some time now trying to make this decision about whether that significant investment, which we would have to come back and request of you, is something that we believe has cost benefits. Excuse me. $300 million total capital cost, not per year. That was my mistake. That is what we are looking at.

We are also looking at ways in which the various research programs which use the information from the Wind Profiler might provide some support for that network. I don't have anything to report on that. But that is—we are looking at that at the moment.

Mr. SKAGGS. I don't think your budget requests any phase-out or phase-down funding, per se. Does this reflect the judgment that you are going to leave the year intact for the time being or what is going to happen to the current hardware that is at these 30-plus sites around the country?

Dr. BAKER. I can't give a specific answer on that. Lou, can you give us an answer on how we would do a phase-down here?

Mr. BOEZI. We have to make a determination of how many sites might be necessary for different studies and correlation with other data sources, and once that determination is made, the remaining sites would in fact be phased down.

Mr. SKAGGS. So basically you are at a point in your evaluation of all of this in which a lot of these answers have not yet been formulated?

Mr. BOEZI. That is right.

Mr. SKAGGS. I have somewhat of a parochial interest in this, so if you could keep me advised as things sift out, I would appreciate it.

I was also curious, is there any tie-in here at all between the utility of the profiler system and the additional data that we expect to be getting downlinked from aircraft in the next generation, whatever that gadget is called?

Dr. BAKER. That is a good question. Let me ask Lou Boezi again to answer.

Mr. BOEZI. Yes, sir. There is a very good synergy between these data. As a matter of fact, we have recently reached agreement with the airlines to increase the sampling frequency.

Mr. SKAGGS. What is the instrument that I am trying to—

Mr. BOEZI. We are using on board instrumentation on the jet aircraft. ACARS is the acronym.

Dr. BAKER. Stands for?

Ms. SULLIVAN. ARINC Communications Addressing and Reporting System

Mr. SKAGGS. That is a separate channel in the transponder interlink?

Mr. BOEZI. Yes.

Mr. SKAGGS. By the way, just to back up to my first question, I didn't mean for you to limit your reconciliation to that one line that I happened to cite. I think there are several discrepancies which I would appreciate having your analysis of.

Dr. BAKER. Yes, sir.

SPACE WEATHER SERVICES

Mr. SKAGGS. Regarding your work in Space Weather Services, which also has a significant presence in Boulder, funding has not really kept pace with inflation, much less the other growth in your budget. It seems to me there is a greater, not a lesser, sense of criticality there with our ability to do space weather prediction and its impact terrestrially. Can you give me just an overview of your funding judgment on that, and also whether you are looking at any possible relationship with DOD as a way of getting some offset for your direct costs in that area?

Dr. BAKER. This is an area that is an important one for NOAA, because it is part of our environmental forecasting mandate to provide that information about what is happening out there in the solar terrestrial environment, and we have been looking for ways to continue to provide and to enhance the operational distribution of the data to the various users, which include ourselves, DOD, NASA, and utility companies, which are very sensitive to this.

We had discussed earlier the possibility of doing a joint project with NASA to have real time, 24-hour a day, distribution of operational data from a satellite, a research satellite, which they are putting out even further out than the geostationary satellites. It was a fairly expensive operation.

And I asked our group to go back and see if we could find a way to do that a little more cheaply, and they have, in fact, come back with a way to deliver operational data from this satellite that is further out, 21 hours out of 24 hours a day, which is a very good step, I think, in this area.

In general, there is the question of how can we put together the users and the operators to have a sensible space weather program. And under the leadership of Bob Correll at NSF, who is Assistant Director for Geo-sciences, he called together a group just a couple of weeks ago, and we were a strong participant in that, in looking at how we could put together customers and users in a way to have a national space weather program that really made sense. I think we made real progress there in identifying some of the delays or the need for users to get more engaged, for example, with utility companies.

I think we have a better sense of the DOD interest, which is not as strong as it has been in the past, but I think it still exists. So I think we are trying to address this problem by bringing all of the parties together.

Let me ask Ned Ostenso, head of our Office of Oceanic and Atmospheric Research.

Mr. OSTENSO. The direct answer to your specific question, DOD does and has historically provided substantial costs for SEL. Some of their people are at the laboratory in Boulder. They provided something like $13 million for the purchase of instruments for collecting data, such as the x-ray imager on GOES–L, and they maintain something like six foreign observational stations so that all of the data comes directly into us. So their contribution to SEL and space weather forecast has been substantial.

Mr. SKAGGS. And NASA?

Mr. OSTENSO. NASA has also been both a supporter and substantial user of our data. We provide direct support to their launch missions.

Mr. SKAGGS. When we say “supporter”, do we mean money?

Mr. OSTENSO. They provide support in kind, but I don’t think they provide direct financial support, just support in kind.

Mr. SKAGGS. Is that forecasting not critical to their activities as far as manned space flight is concerned?

Mr. OSTENSO. It is very critical to their activities in manned space flight.

Mr. SKAGGS. Would you welcome something, say, in our report for our bill this year that might suggest that NASA have a greater financial stake in this than they are now providing?

Dr. BAKER. Yes.

Mr. OSTENSO. It would be presumptuous of me to suggest that you put that in your legislation.

Dr. BAKER. I think for Space Weather we need all of the support that we can get.

Mr. SKAGGS. But if I read you in your delicate wording, they aren't shouldering their share at this point; is that accurate?

Dr. BAKER. As they indicated their priorities to us, it is not strong support, no, sir.

Mr. SKAGGS. Thank you.

I will wait for another round. Thank you, Mr. Chairman.

PROPOSED REDUCTIONS

Mr. PRICE. I would like to ask you to step back from this proposal and help us understand the criteria that went into formulating it, and particularly in the list of cuts and reductions. You are proposing that about $80 million in projects and programs funded under the NOAA Operations account and the Construction account in fiscal year 1994 and previous years be eliminated in fiscal year 1995. Now, some of these projects were one time in nature, but many others were ongoing or multi-year projects.

That leads me to two related questions. One, what criteria were used to determine which of these activities would not be continued in fiscal year 1995? What thread can we trace through these decisions?

And then secondly, can any of these projects be accommodated elsewhere within the fiscal year 1995 budget request?

Tell us how that might or might not be done.

Dr. BAKER. Thank you, Mr. Price. We overall, as you know, are facing difficult budget times with the President, Congress and the public, who insist on seeing the deficit reduced, and so we start with limited funds. Recognizing that, we began at the beginning of the year, just nine months ago, to put together a strategic plan for NOAA to try to rationalize and understand the various programs that we had, that we thought were important, and put those together in a way that would allow us to understand how the agency could operate and best interact with its constituents.

That strategic plan was put together with the help of over 400 of our senior managers and we have had a lot of interaction with your committee and other committees about ongoing development. That is the way in which we have looked at programs and tried to make our decisions about priorities in the budget.

I think it is not talking out of school to say that we have more priorities than we were able to fund this year. We have a tight budget and we couldn't find the funds for all of the things that we would like to do in a time when there were more funds available. But the thread that we follow in looking at what we do fund is our strategic plan and how well programs fit in our strategic plan.

One thing that we hope to do now with the strategic plan, it is not just a one-year exercise, is to continue to work with you and others to see how the programs that have been supported by Congress and have been added to our budget, can best fit into our overall planning structure.

I mean I am very mindful of the fact that this committee and other committees have been very helpful to NOAA in the past in helping preserve its programs and making sure that it survives as a viable agency. What we hope to do is use this Strategic Plan to put that all together in a coherent plan. But that is our thread, the Strategic Plan.

I can give you an example. You asked about what things might be included in our current 1995 request.

Mr. PRICE. Yes.

Dr. BAKER. Let me give you some examples there that we have looked at. One is the conservation engineering bycatch. The budget eliminates the pass through to the Gulf and South Atlantic Fisheries Development Foundation, which addresses the bycatch of finfish in the shrimp fishery. This, we believe, will be addressed as part of the S–K, the Saltonstall-Kennedy Program on a priority basis.

It will be a high priority item for funding there. Two others are—well, I have actually quite a few here. Atlantic Blue Fin Tuna Research and the Center for Shark Research. For both of those we have dropped the pass through funding to the New England Aquarium and the Mote Marine Lab. But our 1995 request includes funding for both bluefin tuna and shark research necessary to meet the Magnuson Act statutory requirements.

The funds for those areas are not earmarked for specific institutions, but it is a potential that both organizations could participate in research directed by NMFS to meet our management requirements.

Columbia River squawfish is a similar activity that could be continued within our overall request; fishery observer training at the University of Alaska, Beluga Whale Committee, these are all areas that we believe we have accommodated in our overall request.

AUTHORIZATION STATUS OF PROPOSED TERMINATIONS

Mr. PRICE. To what extent was authorization status a factor in making these decisions? Did you in any way coordinate your proposed terminations with the various authorizing committees?

Dr. BAKER. Well, we certainly have used authorization as a factor in looking at our decisions. But as I understand it, I can be corrected here, I think we have more programs authorized than we have funded, and that has been true in the past.

Mr. MOXAM. That is true, yes.

Mr. PRICE. A couple of things I think we could use for the record would help us assess this situation. Could you furnish a chart showing the authorization status for all of the line items proposed for elimination in fiscal year 1995?

Dr. BAKER. Yes, sir, we will do that.

[The information follows:]

Below is a list of all programs proposed for termination in the FY 1995 President's Request grouped by related Authorizing Legislation. Unless noted, funding levels for the programs are not specifically cited within the Authorizing Legislation, but are considered contained within the amounts made available for the Sub-Activity.

(Dollar Amounts in thousands)

NOAA Authorization Act of 1992
P.L. 102-567, exp. 9/93
No Specific Authority

	FY 1994 Enacted	FY 1995 Request
Operations, research and facilities		
NATIONAL OCEAN SERVICE		
Mapping, Charting & Geodesy		
• SC cooperative geodetic survey	$554	$0
• Land information system	1,200	0
Observation and Assessment		
• Observation buoys/California	140	0
• Observation buoys/Chesapeake Bay	400	0
• Maui algal bloom crisis	400	0
Ocean and Coastal Management		
• Charleston, Spec Area Mgmt. Plan	1,000	0
NATIONAL MARINE FISHERIES SERVICE		
Information Collection & Analyses		
• Stuttgart	576	0
• Hawaii stock management plan	500	0
• U.S.-Canada lobster research	300	0
• Atlantic bluefin tuna research	300	0
• Center for shark research	140	0
Conservation and Management Operations		
• Columbia river	10,200	0
• Smolt/Squawfish	100	0
• Beluga whale committee	192	0
• Fishery observer training	150	0
State and Industry Assistance Programs		
• Export strategies/mahi mahi	768	0
OCEANIC AND ATMOSPHERIC RESEARCH		
Atmospheric Programs		
• Federal/State weather mod. grants	3,000	0
• Southeastern storm research	372	0
. Wind profiler demonstration network	4,725	0
Ocean and Great Lakes Programs		

VENTS	2,496	0
Southeast Florida & Caribbean recruit	500	0
Lake Champlain study	290	0
Pacific island technical assistance	190	0
National coastal r&d institute	1,100	0
National Undersea Research Program	18,100	0

NATIONAL WEATHER SERVICE

Operations and Research

Regional climate centers	$3,000	$0
Samoa	200	0

Other Accounts

CONSTRUCTION

Multispecies Aquaculture Center	1,000	0
Newport Marine Science Center	1,800	0
Oxford, Maryland Fisheries lab	750	0
Lafayette, Louisiana Fisheries lab	2,000	0
Ruth Patrick Science Center	1,000	0
Indiana State University	1,395	0
Alaska Fisheries Center	500	0
Columbia River Facilities	8,200	0
Boston Biotech. Innovation Center	1,000	0
Mystic, CT maritime education Cent.	1,000	0

Title II, Sec. 203

Operations, research and facilities

OCEANIC AND ATMOSPHERIC RESEARCH

Ocean and Great Lakes Programs

GLERL Zebra Mussel	$911	$0
Sea Grant - Zebra Mussel	2,800	0

Deep Seabed Hard Mineral Resources Act

P.L. 101-178, exp. 9/94

Section 1

Operations, research and facilities

NATIONAL OCEAN SERVICE

Ocean and Coastal Management

Deep seabed mining	$1,500	$0

Oceans Act of 1992

P.L. 102-587, exp. 9/94

Title II, subsec. 2307

Operations, research and facilities

NATIONAL OCEAN SERVICE

Ocean and Coastal Management

Hawaii Humpback Marine Institute	$150	0

Title II, subsec. 2201

Other Accounts

CONSTRUCTION		
• North Carolina Monitor Museum	800	0

Coastal Zone Management Act of 1972
P.L. 101-508, exp. 9/95
Section 315

Construction		
• National Estuarine Research reserve	5,000	0

Fishing Vessel Obligations Guarantee Program
2 USC 661 (d)

Fishing vessel obligations guarantees program		
• No new loan guarantees	459	0

REQUEST TO OMB

Mr. PRICE. And also, we would like a fuller accounting of your request to OMB.

Dr. BAKER. Yes, sir.

[The information follows:]

The table provided below shows the FY 1994 President's Request, the FY 1994 Currently Available and tracks the FY 1995 Submission at OMB and the President's Request by Program. Planning, and Activity (PPA) structure. Please note that the FY 1995 request for the OMB submission is built from the FY 1994 President's Request. OMB based their decisions for NOAA's budget on national priorities and the placement of NOAA programs requests as a portion of a complete package encompassing the President's request.

Generally, funds were allocated to those PPAs that were included in Strategic Planning Elements ranked highest by NOAA or those PPA's that were included in the FY 1994 President's Budget for the Presidential Investment Items (Weather Service Modernization, Climate and Global Change, and High Performance Computing and Communications). In addition, NOAA was provided Locality Pay for all Line Offices that was not originally included in the OMB Submission.

FY 1995 OMB REQUEST AND PRESIDENT'S BUDGET

	FY 1994 Currently Available	FY 1995 OMB Request	FY 1995 Congressional Request	Difference
NATIONAL OCEAN SERVICE:				
Mapping, Charting, and Geodesy				
Mapping and Charting	28,500	42,473	29,005	(13,468)
Automated Nautical Charting System II...	1,300	1,500	1,300	(200)
Great Lakes mapping project............	0	465	0	(465)
Subtotal...........................	29,800	44,438	30,305	(14,133)
Geodesy	17,900	20,984	19,332	(1,852)
SC Cooperative Geodetic Survey..........	554	0	0	0
Land Info. Sys. (Multi–Purpose Cadastre)	1,200	0	0	0
Subtotal...........................	19,654	20,984	19,332	(1,652)
Total, Mapping, Charting, and Geodesy...	49,454	65,422	49,637	(15,785)
Observation and Assessment				
Observation and Prediction	11,800	18,151	12,787	(5,364)
Circulatory survey program............	700	738	700	(38)
Observation buoys/California..........	140	0	0	0
Observation bouys Chesapeake Bay	400	0	0	0
Institute for Marine Engineering	0	0	0	0
Ocean services........................	4,442	4,442	4,442	0
COAP.....	400	456	400	(56)
Subtotal...........................	17,882	23,787	18,329	(5,458)
Estuarine and Coastal Assessment	2,420	2,448	2,753	305
Ocean assessment program................	17,369	17,328	21,925	4,597
Damage assessment......................	1,200	2,450	1,200	(1,250)
Transfer fr Damage Assess Revolv fund...	29,796	1,500	8,500	7,000
S. Carolina Wetland Management Demo.....	500	1,800	0	(1,800)
Marine protective structures	0	0	0	0
NY harbor water quality model	0	0	0	0
Oil Pollution Act of 1990.............	1,395	1,395	1,395	0
Subtotal...............	52,680	26,921	35,773	8,852

Coastal Ocean Science				
Coastal Ocean program..................	11,000	18,741	11,433	(7,308)
Maui algal bloom crisis	400	0	0	0
Subtotal............................	11,400	18,741	11,433	(7,308)
Total, Observation and Assessment.......	81,962	69,449	65,535	(3,914)
Ocean and Coastal Management				
Coastal Management				
CZM grants and Administration.................	41,500	41,816	41,637	(179)
Acquisition of estuarine sanctuaries.......	3,214	3,214	3,214	0
CZM program administration.............	0	0	0	0
Charleston,Sc. specarea mgt. plan......	1,000	1,000	0	(1,000)
Non–Point pollution control.............	4,000	9,920	4,000	(5,920)
Subtotal............................	49,714	55,950	48,851	(7,099)
Ocean Management	1,500	0	0	0
Marine sanctuary sites program..........	9,000	15,260	12,000	(3,260)
Hawaii humpback mar. sanct. institute....	150	0	0	0
Subtotal............................	10,650	15,260	12,000	(3,260)
Total, Ocean and Coastal Management.....	60,364	71,210	60,851	(10,359)
TOTAL, NOS........................	191,780	206,081	176,023	(30,058)
NATIONAL MARINE FISHERIES SERVICE:				
Information Collection & Analyses				
Resource Information (Inc. Lab Cons.)	52,872	77,836	75,776	(2,060)
Conservation engineering/by–catch.....	1,418	716	716	0
Antarctic research....................	1,200	1,200	1,200	0
Fishery resource data error reduction.	960	960	960	0
Oyster disease research..............	1,500	1,500	1,500	0
Marine mammal/population assessment...	2,314	2,314	2,314	0
Protected species research............	3,630	3,630	3,630	0
Halibut/Sablefish IFQ's............	1,200	1,200	1,200	0
Chesapeake Bay Studies................	1,890	1,890	1,890	0
Right & Bowhead Whale research........	214	214	214	0
Gear entanglement studies............	651	651	651	0
MARFIN...............................	3,780	3,780	3,780	0
SEAMAP...............................	1,340	1,340	1,340	0
Aquaculture..........................	2,500	4,475	2,500	(1,975)
Stuttgart.............................	576	0	0	0
Alaskan groundfish surveys............	661	661	661	0
Bering Sea pollock research...........	945	945	945	0
West Coast groundfish.................	780	780	780	0
New England stock depletion...........	1,116	1,116	1,116	0
Hawaii stock management...............	500	0	0	0
Yukon River Chinook Salmon............	700	700	700	0
Winter Run Chinook Salmon	250	500	250	(250)
Atlantic salmon research.............	710	710	710	0
United States/Canada Lobster Study	300	0	0	0
Gulf of Maine Groundfish survey.......	587	567	567	0
Dolphin Research.....................	500	500	500	0
Habitat Research/Evaluation...........	470	470	470	0
Pacific salmon research..............	5,587	5,587	5,587	0
Fish cooperative inst. enhancement..........	384	384	384	0
Hawaiian monk seals.....................	520	0	520	520
Stellar sea lion recover plan..............	1,440	1,440	1,440	0
Hawaiian sea turtles	240	240	240	0
Atlantic bluefin tuna research...............	300	300	0	(300)
Center for Shark Research.................	140	0	0	0
Subtotal...........................	92,153	116,606	112,541	(4,065)
Fishery Industry Information				
Fish statistics......................	10,500	13,882	15,268	1,386
ALASKA GROUNDFISH MONITORING..........	4,500	4,100	4,500	400
PACFIN/catch effort data.............	2,046	2,046	2,046	0
Rec. Fishery harvest monitoring.......	2,395	2,046	2,395	349
Subtotal....................	19,441	22,074	24,209	2,135
Information Analyses & Dissemination	20,112	25,490	23,317	(2,173)
IT–95 fisheries computer system.......	1,500	12,000	7,000	(5,000)
Subtotal...........................	21,612	37,490	30,317	(7,173)
Total, Info., Collection, & Analyses..	133,206	176,170	167,067	(9,103)
Conservation and Management Operations				
Fisheries Management Program	13,500	22,327	21,608	(719)
Columbia River/Colum Riv end. spec study.............	10,300	0	0	0
Smolt/Squawfish.........................	100	100	0	(100)
Columbia River Endangered Species	288	288	288	0
Regional Councils....................	6,556	6,556	6,556	0
International fisheries commissions	800	400	400	0
Management of George's Bank	480	480	480	0
Pribilof Island.....................	0	0	0	0

Beluga whele committee	192	192	0	(192)
Pacitic tunabillfish management	1,800	1,606	1,800	194
Subtotal	36,016	33,949	33,132	(817)
Protected Species Management	4,000	1,341	6,196	4,855
ESA listing & status review	930	930	930	0
Tissue bank & stranding network	295	295	295	0
North Pacific Driftnet program	3,278	3,278	3,278	0
Marine Mammal Protection Act Implement.	7,750	12,601	7,750	(4,851)
Endangered Species Act recovery plan	218	9,022	9,022	0
Fishery observers training	150	0	0	0
East Coast observers	700	700	700	0
Subtotal	17,321	28,187	28,171	4
Habitat Conservation	8,200	10,658	8,679	(1,979)
Subtotal	8,200	10,658	8,879	(1,979)
Enforcament & Surveillance	12,000	15,740	16,888	1,146
Total, Conservation and Mgmt. Opns	71,537	88,514	86,868	(1,646)
State and Industry Assistance Programs				
Grants to States				
Interjurisdictional fisheries grants	3,156	3,155	3,156	1
Anadromous grants	2,108	2,108	2,108	0
Anadromous Fishery Project (Striped bass)	250	0	250	250
North Atlantic fishery project	1,500	0	3,500	3,500
Interstate fish commissions	295	295	295	0
Lousiana Emergency Fund	0	0	0	0
Subtotal	7,309	5,558	9,309	3,751
Fisheries Development Program				
Fisheries Trade Promotion activities	1,700	1,700	1,700	0
Product quality and safety	9,000	9,893	9,021	(872)
Fish oils	0	900	0	(900)
Marine Biotechnology	1,750	1,630	1,750	120
Export strategies/Mahi Mahi	750	0	0	0
Seafood Inspection program	5,500	5,500	5,500	0
Subtotal	18,700	19,623	17,971	(1,652)
Total, State & Industry Assist. Progs.	26,009	25,181	27,280	2,099
Undistributed NMFS Increase				
TOTAL, NMFS	**230,752**	**289,865**	**281,215**	**(8,650)**
OCEANIC AND ATMOSPHERIC RESEARCH:				
Climate and Air Quality Research				
Interannual & Seasonal Climate Research	7,945	7,985	8,015	30
Long-Term Climate & Air Quality Research	25,000	39,484	27,606	(11,878)
Nat'l Acid Percip .Assess/Health of the Atmosp.	1,376	1,376	3,938	2,562
High Performance Computing	1,000	14,950	15,452	502
Subtotal	27,376	55,810	46,996	(8,814)
Climate and Global Change	63,000	84,017	84,012	(5)
Subtotal	63,000	84,017	84,012	(5)
Total, Climate and Air Quality	98,321	147,812	139,023	(8,789)
Atmospheric Programs				
Weather Research	28,486	31,527	32,004	477
PROFS/Advanced Forecasting Applications.	1,870	1,870	1,870	0
Profiler	4,350	4,350	0	(4,350)
Federal/State Weather Mod. grants.	3,000	0	0	0
Southeastern Storm Research	372	0	0	0
Subtotal	38,078	37,747	33,874	(3,873)
Solar-Terrestrial Services and Reseerch	5,000	6,850	5,627	(1,223)
Subtotal	5,000	6,850	5,627	(1,223)
Total, Atmospheric Program	43,078	44,597	39,501	(5,096)
Ocean and Great Lakes Programs				
Marine Prediction Research	9,200	10,916	9,572	(1,344)
GLERL	4,558	4,558	4,558	0
Great lakes nearshore research	200	500	200	(300)
VENTS	2,496	0	0	0
SE US FOCI Program	500	0	0	0
GLERL/Zebra mussel (Non-indigenous)	911	0	0	0
Lake Champlain study	290	0	0	0
Pacific Island technical assistance	190	0	0	0
Subtotal	18,345	15,974	14,330	(1,644)

Sea Grant				
Sea Grant college program................	43,200	43,268	43,238	(30)
Sea grant–zebra mussel (Non–Indigenous)	2,800	0	0	0
Sea grant–Brown Algae......................	0	0	0	0
National coastal r&d instutute.............	1,100	0	0	0
Subtotal..........................	47,100	43,268	43,238	(30)
Undersea Research Program				
NOAA Undersea Research Program....	16,100	15,998	0	(15,998)
Regional Marine Research Centers..........	1,900	1,900	1,900	0
Subtotal.......................	20,000	17,898	1,900	(15,998)
Total, Ocean and Great Lakes Programs	85,445	77,140	59,466	(17,672)
TOTAL, OAR.....................	226,844	269,549	237,992	(31,557)
NATIONAL WEATHER SERVICE:				
Operations and Research				
Local Warnings and Forecasts	319,668	318,084	322,640	6,556
MARDI................................	75,000	120,457	120,457	0
WSFOs – reduce 8 stations............	752	752	752	0
Southern Region HQ....................	0	614	0	(614)
Data buoy engineering and test........	0	0	0	0
Data buoy maint. for Hawaii...........	542	542	542	0
Pacific & Alaska Region HQ............	366	366	366	0
Agricultural and fruit frost..........	2,316	2,316	2,316	0
Fire weather services.................	449	449	449	0
Susquehanna Riv Basin Flood Sys.......	900	669	669	0
Aviation forecasts (Formerly AWTF)	35,598	35,598	35,596	0
Flood Warning System/Colorado River...	288	288	288	0
Contract observers....................	0	0	0	0
Samoa.......................................	200	0	0	0
Regional climate centers..................	3,000	0	0	0
California Data Buoy.........................	200	205	200	(5)
Subtotal..........................	439,477	478,538	484,275	5,737
Central Forecast Guidance	28,555	30,294	31,217	923
Subtotal..........................	28,555	30,294	31,217	923
Atmospheric and Hydrological Research	2,400	5,433	2,629	(2,804)
Total, Operations and Research..........	470,432	514,265	518,121	3,856
Systems Acquisition				
Public Warning and Forecast Systems				
NEXRAD................................	120,000	89,834	79,641	(10,193)
ASOS..................................	16,135	25,288	17,534	(7,754)
AWIPS/NOAA–Port.......................	43,564	53,518	49,550	(3,968)
Computer, Class VII....................	6,000	14,500	13,874	(626)
Total, Systems Acquisition..............	189,699	183,140	160,599	(22,541)
TOTAL, NWS.......................	660,131	697,405	678,720	(16,685)
NATIONAL ENVIRONMENTAL AND SATELLITE, DATA, AND INFORMATION SERVICE:				
Satellite Observing Systems				
Polar Spacecraft and Launching	139,000	172,178	159,078	(13,100)
Geostationary Spacecraft and Launching	123,746	157,047	138,047	(19,000)
Environmental Observing Services	49,443	56,179	51,798	(4,381)
Landsat commercialization..................	0	0	0	0
Total, Satellite Observing Systems.................	312,189	385,404	348,923	(36,481)
Environmental Data Management Systems	22,000	23,989	24,787	798
Data and Information Services..............	15,300	15,300	10,300	(5,000)
Subtotal............................	37,300	39,289	35,087	(4,202)
TOTAL, NESDIS.............................	349,489	424,693	384,010	(40,683)
PROGRAM SUPPORT:				
Administration and Services				
Executive Direction And Administration	25,000	26,214	26,456	242
GLOBE....................................	0	0	7,000	7,000
Estuarine Program Office...................	0	0	0	0
SPO....................................	1,100	2,572	2,588	16
Subtotal............................	26,100	28,786	36,044	7,258
Central Administrative Support	38,000	37,592	38,194	602
Subtotal............................	38,000	37,592	38,194	602
Retired Pay Commissioned Officers	7,706	0	7,706	7,706
Subtotal............................	7,706	0	7,706	7,706

Total, Administration and Services...	71,806	66,376	81,944	15,566
Facilities				
Maintenance	0	0	0	0
Subtotal............................	0	0	0	0
Consolidation	0	0	0	0
Subtotal............................	0	0	0	0
New Construction	0	0	0	0
Subtotal............................	0	0	0	0
Total Facilities..................	0	0	0	0
Marine Services (includ Billets)	62,037	67,965	62,599	(5,366)
Maintain S. E. Marine Facility..........	0	258	0	(258)
Marine Electronics Agenda.............	0	0	0	0
New England Science Center....................	0	0	0	0
Total, Marine Services................	62,037	68,223	62,599	(5,624)
Aircraft Services	9,000	10,706	9,180	(1,526)
Critical Safety & Instrumentation (Aircraft serv.)	500	500	400	(100)
Subtotal............................	9,500	11,206	9,580	(1,626)
TOTAL, PS....................	143,343	145,807	154,123	8,316
Locality Pay		19,358	0	(19,358)
Working Compensation		823	0	(823)
DIRECT OBLIGATIONS: ORF	1,802,339	2,053,581	1,912,083	(141,496)
REIMBURSABLE OBLIGATIONS	390,385	390,450	316,235	(74,215)
TOTAL OBLIGATIONS	2,192,724	2,444,031	2,228,318	(215,713)
Financing from proposed transfers:				
DEOBLIGATIONS	(22,990)	(15,000)	(15,000)	0
REIMBURSABLE OBLIGATIONS				
Federal funds	(353,650)	(353,715)	(280,626)	73,089
Non–federal funds	(36,735)	(36,735)	(35,609)	1,126
Trust funds	0	0	0	0
Carryover	0	0	0	0
Admin & Parsonnel Red.	0	0	0	0
BUDGET AUTHORITY (NET)	1,779,349	2,038,581	1,897,083	(141,498)
Financing from proposed transfers:				
Promota and develop fishery products..........	(54,800)	(54,800)	(55,500)	(700)
Damage Assessment............................	(29,796)	(1,500)	(8,500)	(7,000)
APPROPRIATION, ORF	1,694,753	1,982,281	1,833,083	(149,198)
OTHER ACCOUNTS: BA				
Construction:				
NOAA Facilities Maintenance.....................	3,500	11,347	4,000	(7,347)
NOAA New Construction Initiative	0	4,300	0	(4,300)
Sandy Hook Lease	1,500	1,500	1,500	0
NOAA research facilites	4,751	3,101	1,979	(1,122)
Charleston Fisheries Lab repairs.............	683	683	0	(683)
Alaska Fisheries Center............................	500	0	0	0
Environmental compliance........................	4,000	16,414	6,000	(10,414)
Boulder Bldg. Above Standard costs.............	2,441	2,441	2,000	(441)
WFO Construction..............................	62,784	17,295	18,297	1,002
Beaufort, N.C. lab..............................	178	178	0	(178)
Columbia river facilities	8,200	0	0	0
U. of N.H. Biological Sciences	0	0	0	0
Multispecies Aquacultura Center 2/	1,000	0	0	0
Woods Hole Marine Biology Lab 2/	0	0	0	0
Silver Spring Consolidation....................	2,421	2,421	2,421	0
Newport Marine Science Center	1,800	0	0	0
Boston Biotechnology Innovation Ctr.	1,000	0	0	0
Mystic, CT Maritime Educ. & Research Ctr.	1,000	0	0	0
Oxford, MD Fisheries Laboratory	750	0	0	0
Lafeyette Louisiana Laboratory	2,000	0	0	0
Ruth Patrick Science Center – Aiken S.C.	1,000	0	0	0
Indiana State University Center	1,395	0	0	0
Nat'l Estuarine Research Reserve	5,000	0	0	0
North Caroline Museum	800	0	0	0
Subtotal	106,703	59,680	36,197	(23,483)
Aircraft Procurement and Modernization	43,000	0	0	0
Shipbuilding and Conversion, Fleet Modern.........	77,064	109,250	23,040	(86,210)
TOTAL ORF, CONST, FLEET & AIRCRAFT MO D	1,921,520	2,151,211	1,892,320	(258,891)
Fisheries promotional fund		0	0	0
Promote and develop fisheries...	7,144	7,144	6,400	(744)
Fishing vessel and gear damage fund	1,273	1,280	1,273	(7)
Fishermen's contingency fund	999	999	999	0

Foreign fishing observer fund	550	542	400	(142)
Damage assessment & restoration revol fund	(22,908)	(1,500)	(1,500)	0
Coastal Zone Management Fund	[7,800]	[7,800]	[7,800]	0
Federal ship financing fund admin. expenses	5,000	0	0	0
Fishing Vessel Obligation Guarantee	459	459	0	(459)
Emergency Weather Satellite Contingency Fund	0	0	0	0
NOAA Corps Retirement Account	0	7,949	0	(7,949)
Aviation weather services trust fund	0	0	0	0
TOTAL OTHER ACCOUNTS	219,284	185,803	66,809	(118,994)
Adjustments:				
Transfers:				
To Promote & develop fishery products	(61,944)	(61,944)	(61,900)	44
From Promote & develop fishery products	54,800	54,800	55,500	700
To Damage assessment & restoration revol fund	(6,888)	0	(7,000)	(7,000)
From Damage assessment & restoration revol fund	29,796	1,500	8,500	7,000
Additional Borrowing Authority				
Federal Ship Financing Fund	(5,000)	0	0	0
TOTAL, NOAA BUDGET AUTHORITY (ALL FUNDS)	1,998,633	2,224,384	1,963,892	(260,492)
TOTAL, NOAA APPROPRIATION (ALL FUNDS)	1,924,801	2,162,440	1,894,992	(267,448)

Mr. PRICE. Of the requests for all NOAA appropriations accounts, what items were eliminated from your request, please provide an estimate of what the impact of these reductions will be on your ongoing operations in fiscal year 1994. If you could provide for the record a table displaying this information in last year's budget order, that would be very helpful to us.

Mr. ROGERS. Will the gentleman yield on that?

Mr. PRICE. Yes.

Mr. ROGERS. Could you also indicate on that any items that you did not request, but that OMB gave to you? I am not sure that we requested that a moment ago.

Mr. PRICE. If such an animal exists.

Dr. BAKER. That will be an easy one, Mr. Rogers. Because there were no items added by OMB that we did not request.

STORM RESEARCH

Mr. PRICE. Let me ask about a couple of items that are of particular interest to me in my part of the country. One, you won't be surprised, would be the storm research we have had under way at several Southeastern universities. A research consortium that involves North Carolina State University, Florida University, Georgia Tech, and the University of Alabama, has undertaken this Southeastern storm research. Of course, that was not just an abstractedly conceived research project. It came from some very severe storm activity that we have experienced and some evidence that these Southeastern storms were somewhat different in their formation than those elsewhere in the country, and that this research could have a marked impact on our ability to predict and prepare for these storms. So that is a question that I naturally have about the criteria that you have used and the decisions you have made about reorganizing and clarifying your research priorities.

You have zeroed out this Southeastern storm research, as I say, something we have some firsthand experience with, some rather compelling testimony, actually, during last year as to our progress in making this research. It is a modest initiative, but it does seem like this sort of regional consortium is something we ought to be encouraging. So I wonder, did you make any request to OMB for this particular project, and where does this kind of weather research fit in your overall priorities?

Dr. BAKER. Mr. Price, let me say that we understand the accomplishments of that program. We do believe that NOAA has a comprehensive program of research on thunderstorms and tornadoes that is applicable across the United States, and although regional specific research does contribute, certainly to some extent to the overall program of understanding mesoscale weather, virtually none of these funds support NOAA's base program in severe weather research.

I can say, and I want to turn to Ned Ostenso for a more detailed answer, but we are looking at the new National Science and Technology Council process to see if we can't get some higher priority for this general area of mesoscale weather research. This is important because it has important economic impacts, and we believe that by having an interagency process to put together a program on U.S. weather research, we can do a better job of trying to find funds for these activities.

But, Ned, let me ask you if you have any comment on this particular program.

Mr. OSTENSO. Yes. I think this is one of the categories that you referred to. We have more programs than we had available resources and it just got squeezed in the budget process.

Mr. PRICE. So a request was not made of OMB to fund this program.

Dr. BAKER. Mr. Price, let me say we are not sure and we will check on the record to see if that went up to OMB.

Mr. PRICE. Let me make certain—I understand what you are saying about this kind of research possibly being covered under other funding categories. I am not certain I understand how probable or how desirable you think that is.

Dr. BAKER. This general topic of research, I think, is a very important one for us. I think that it is my impression now in looking at the way in which research has been funded that the mesoscale system, short-term weather research has not been funded to the level that is warranted; not this year or in previous years. And one of the ways, as I said, one of the ways we are trying to address this is to put together an interagency program to try to raise the level of the interagency activity on a U.S. weather research program so that we can provide more resources for this area, which I think does have some promising activities in it.

NURP REDUCTION

Mr. PRICE. Regarding your initiative to build sustainable U.S. fisheries, again, you have made some selections, the criteria for which are not entirely clear. There is a long list of specialized research under the National Marine Fisheries Service. But the National Undersea Research Program, so-called NURP, is recommended for elimination.

Again, was NURP included in your request to OMB, and could you outline your thinking in this area?

Dr. BAKER. All right. I can tell you we did request, certainly, some funding for NURP when we went to OMB. That is a fact, although we don't have the exact number here. But I can provide that number.

Mr. PRICE. If you could provide that number and also the specific information on the Southeast storm research, that specific request about the OMB request.

[The information follows:]

NOAA's request to OMB did not include finding for Southeast Storm Research. However, NOAA did include a request of $16.0 million in support of the National Undersea Research Program (NURP). Funding for NURP was eliminated in favor of higher priority NOAA programs in later negotiations with OMB.

Mr. PRICE. What is your thinking about NURP and the place that effort takes in our overall scheme of priorities?

Dr. BAKER. Well, I think NURP is another program, as Dr. Ostenso said. It is a good program, but we are facing severe budget limitations. We can look at NURP in two areas. There are certain aspects of NURP that are directly relevant to our fisheries activity, and then there are certain aspects of NURP that involve the use of underwater technology and geophysics.

I think it was generally felt, as far as the fisheries activities that are currently supported by NURP, that those are either covered by other activities or else were lower priority than the fishery items that were supported. That was the specific question that you asked.

Mr. PRICE. We will get full information from you on the OMB request, but on the question of funding of the headquarters facility versus the centers, could you recall where that stood in your request?

Dr. BAKER. Yes, sir. That was in our request.

Mr. PRICE. For both? For both the headquarters and the centers.

Mr. MOXAM. There was a request for the full headquarters and not all of the centers. It was not designated for centers, specific centers.

Mr. PRICE. There would have been some funding for the center.

Mr. MOXAM. For outside research, yes, sir.

Mr. PRICE. All right. Well, we will look for further detail on that. I, too, will have some second round questions, but, let's turn to our colleague, Mr. Moran, for his first round.

OYSTER DISEASE RESEARCH

Mr. MORAN. Oh, my goodness, already. Well, okay. Let me cover a few things that we have a particular interest in.

You funded the Oyster Disease Research Program at $1.5 million. I know that my colleagues haven't asked about this one yet.

Mr. PRICE. Good guess.

Mr. MORAN. They don't have a lot in Kentucky. What is the story? Are you going to fund that oyster research? Apparently, the Chesapeake Bay has a problem with it.

Mr. SCHMITTEN. I am the Assistant Administer for Fisheries. Yes, we do intend to fund that research. Some of the confusion rests with the $750,000 one-time funding for the O&M of the Oxford Lab. It is at that lab that our research is conducted primarily, and we will do the research.

The $750,000 is there and available this year, and I hope that clears it up, because this has come up two or three times. And, yes, we will do the $750,000 O&M and we will continue the research with our own funds.

Mr. MORAN. Is it going to be in the Sea Grant Program or National Marine Fisheries Service?

Mr. SCHMITTEN. National Marine Fisheries Service.

Mr. MORAN. So we will be done, and I don't ever have to worry about it again. I don't have to lose any sleep on it, taken care of. Sign on the dotted line.

Mr. SCHMITTEN. The level that we are both talking about, I am not sure about. But, yes, we are committed to funding oyster research, and I don't have the number in front of me, which I will provide to you personally, but we will be doing that research this year. That, I can sign on the bottom line for you.

Mr. MORAN. Okay. It will be more than some college student's term paper. You are going to do a real study?

Mr. SCHMITTEN. Yes, sir.

Mr. SKAGGS. Not to denigrate college students.

CORAL HARVESTS

Mr. **Moran**. Oh, no, not to denigrate college students, particularly those in Colorado.

Another issue that I am sure my colleagues have not asked about as yet either, and that is in the South Atlantic they decided to cap the annual wild coral harvest from the Florida Keys. We've got some constituents who are actually concerned about this.

Mr. **Rogers**. I was going to ask about that.

Mr. **Moran**. Well, sorry. I got to it before you did.

But we are spending a lot of money to make sure that this coral is not damaged by boaters and other recreational users, and if we spend all that money to make sure it is not damaged, why are we letting them raid it for the purpose of pet stores. Is that a fair question?

Dr. **Baker**. It is a fair question. Let me turn to Frank Maloney, who is the Deputy Director.

Mr. **Maloney**. I am not sure we allow the collecting of coral within the sanctuary boundaries. Any activity, any constructive activity within the marine sanctuary requires a permit. Now, they may be collecting coral well outside the sanctuary and bringing it in.

Mr. **Moran**. I think you ought to check on this, because this sounds like a pretty knowledgeable constituent. Sometimes I feel I have too many knowledgeable constituents. Some of them really get in deep into these things, but that is something that you will check out.

Dr. **Baker**. We will check that out.

[The information follows:]

Currently, the taking of hard corals is prohibited in State waters, the Exclusive Economic Zone (EEZ), and in the Looe Key and Key Largo Sanctuaries. The taking of soft corals (Gorgonians which are mostly sea fans and sea whips) is prohibited in the Looe Key and Key Largo Sanctuaries. A limited harvest of soft corals, other than sea fans, is allowed in State waters and by the Fishery Management Councils in the EEZ. The proposed regulations for the Florida Keys Sanctuary will prohibit the harvest of all corals (all varieties of both soft and hard corals). These regulations will be promulgated concurrent with the implementation of the final management plan sometime in late FY 1995 or early FY 1996.

NOAA RESTRUCTURING

Mr. **Moran**. Thanks. Tell me a little about the NOAA restructuring. Have you gotten into this? Because NOAA is going about a major organizational and restructuring, I understand. And we have got some NOAA employees around the area. Some of them have neighbors who are in the Postal Service, and, of course, the people in the Postal Service said uh-oh, wait until they restructure the way they restructured us, then you are going to have problems.

Apparently, you are going to try to keep most of your NOAA employees, but there is a realignment that began last fall is what I am told, and I would like to know how many employees are going to be affected. Is that a good rumor?

Dr. **Baker**. No, not a good rumor. There are no plans to restructure NOAA. We did downsize the size of our headquarters operation when we came in, consistent with the President's instructions to try to have a more efficient management structure. But we have no plans currently or even on the horizon for restructuring NOAA.

We did do a Strategic Plan in order to try to understand, justify and look at how we could best approach the future, and we did develop budget initiatives and we recast our budget in terms of those initiatives. But that should not be taken to imply that we plan to restructure, either along those lines or other lines.

Mr. MORAN. So you have no plans to reinvent your part of Government.

Dr. BAKER. Well, we would like to have it be more efficient and operate in the best possible way. But we certainly have nothing, as I say, near term or on the horizon that involves restructuring or reorganizing.

GLOBE PROGRAM

Mr. MORAN. That should take care of that. Let me just ask one other question here. Not that I am on a roll, but I will just try one other. You have a GLOBE program, $7 million. It is a school program, apparently, for global learning and observations, and it is international. Are other countries contributing to this thing?

Dr. BAKER. There has been an interest expressed by other countries to the Vice President in his various trips. That program is currently in the planning stage, and as I indicated earlier, we are interested for two reasons. One is that this is an opportunity for us to respond to the many wishes of Congress and the public to have a better educated public on environmental issues, and also to engage our science and technology base in some educational activities, and then, finally, we see a real value-added activity here in terms of the data that will be produced.

Mr. MORAN. Well, from what I gather, school children are going to write to one another sharing their observations about the weather basically?

Dr. BAKER. The program is currently in the planning stages, but the idea is to provide at each level of schools different kinds of observational techniques. The observations would then be put by the schools into a global network, fed into various groups that do modeling. That information would then come back to the schools so that they could see the impact of the data that they collected. So there would be a close connection between scientists and the kinds of data that are collected by the school.

Mr. MORAN. Was this your idea?

Dr. BAKER. No. It was the Vice President's idea.

Mr. MORAN. Do you think you would have come up with it if the Vice President hadn't? I won't ask that. I will yield back.

Mr. PRICE. Mr. Rogers.

FLEET MODERNIZATION

Mr. ROGERS. Dr. Baker, let me ask you about the fleet modernization. What is the status of the procurement of the AGOR vessel for which funding was given in 1994?

Dr. BAKER. I think we have gone out for that procurement, haven't we?

Mr. PETERSON. We have awarded an option that the Navy had for us on a Navy contract and so that award was made to Halter Marine, for an AGOR.

Mr. ROGERS. And will the $54 million fully cover the procurement costs?

Mr. PETERSON. I believe so, yes, sir.

Dr. BAKER. I hope so.

Mr. ROGERS. Will you have any left over?

Dr. BAKER. No.

Mr. PETERSON. I don't believe so.

Mr. ROGERS. Do you mean that the Congress guessed perfectly on the cost of this?

Dr. BAKER. It wouldn't be the first time.

Mr. ROGERS. What is the status of the overall fleet modernization plan?

Dr. BAKER. We are currently in a process of working closely with the National Academy of Sciences on getting advice on our fleet plan. They did a very quick turnaround study, a six-month study on looking at our plan to see how, in fact, the plan which had been put together would fit the new ideas of trying to work as closely as possible with the private sector.

As you know, we in the past have been criticized for not having that kind of very close interaction, and in the past year or so we have started three processes to see how we could, in fact, meet our needs through the use of private contractors.

One, through actually contracting to do some mapping and charting that is part of our requirement, going out on a turnkey operation. We are going to use a charter vessel to replace the Delaware II, while it is being repaired and we are planning to use a charter vessel for some water in the Antarctic. But we are looking at these different ways in order to try to meet our needs within the context of this changing world of available technologies.

We have basically a delay and deferral, I would say, for one year of the fleet plan, and the 1995 request of $23 million is basically our critical repair and maintenance to keep our operations going. As I say, there is a very detailed study of our plan that is coming from the National Academy of Sciences and I think it will be available in another couple of weeks, a month, the end of the month for us to carefully look at. This is an area that we are committed to, but as you know, the exact way we do it depends on the changing outside context.

Mr. ROGERS. You are talking about availability of money is the major——

Dr. BAKER. It is a combination, I would say, of availability of money and the best way to do our job. Should we contract out only part of our mapping, or should we do it in-house.

Mr. ROGERS. You have asked the question. What is the answer?

Dr. BAKER. The answer is we need to do a test to see how it works and then we can make a decision. We are doing that test. We are contracting to provide a test—63 companies have responded to our request. It is in the Long Island Sound area. So if, in fact, that is an area that develops strongly, we may change part of the way in which we operate our fleet.

Mr. ROGERS. Now, you were given three surplus Navy AGOR ships last year. What has been the impact of that?

Dr. BAKER. One of those ships is being used as a training ship at the moment. One of the ships will be used for tending buoys that we have on the equator, which provide better information about tropical air-sea interaction and the El Niño prediction, and I think we are waiting now to determine the use of the third vessel. That is the current status of those vessels.

GLOBAL WARMING

Mr. ROGERS. Dr. Baker, after this winter, can we forget about the global warming threat?

Dr. BAKER. No, sir. Let me tell you why. We are faced with a very complex climate system that has a lot of natural variability, variability which is caused just by the fact that it is a complicated system of air molecules and water molecules. It is impacted by volcanoes, and it is impacted from the sun. So it has a complex natural variability.

We have the warm cycles and we have cold cycles. Now, superimposed on that is the effect that, all other things being equal, would lead to global warming. But when we will see a signal of global warming is very much a question of the natural variability and how our system actually operates.

We are doing research to try to understand exactly how the system works and we are doing careful monitoring to watch how the changes of the Earth are occurring. So far, we have a signal in global warming, if you look at the average temperature of the globe, which is ambiguous, I would say, because the Earth warmed from about 1880 to 1940, and then from 1940 to 1980 the Earth cooled, and then from 1980 to 1990 was the warmest decade in recorded history, and the temperature, the global temperature continued to rise.

Does this mean that we are seeing global warming? Well, I think it does. One could be a betting person and say, yes. But, in fact, we still have a signal caused by these greenhouse gas molecules, which is still to some extent lost in the noise of natural variability. That is why we are trying to do the science. We are trying to do careful monitoring of our system so that we can watch what happens.

Mr. ROGERS. So then we are unsure about whether or not we are in a global warming era or a brief phenomena in the march of time?

Dr. BAKER. I think it is safe to say that 50 from 100 years from now, if we continue to add carbon dioxide, if we continue to add them, we will see a signal. Whether in the next five years we will see a signal that is larger than natural variability, which is itself large, I think is a difficult thing to say.

Mr. ROGERS. What is the total amount in your budget request for the Climate and Global Change Program?

Dr. BAKER. I think we have about $84 million for the Climate and Global Change Program.

Mr. ROGERS. Is that up or down from last year?

Dr. BAKER. Up $21 million.

Mr. ROGERS. Why the increase?

Dr. BAKER. There are two reasons—two, I think, very direct reasons. One is that there is another signal in the climate that is very important for us, one that we call the El Niño-Southern Oscillation. It is an effect that happens every few years, every four to seven years. We have made real strides in predicting the onset of this El Niño-Southern Oscillation by doing studies in the tropical Pacific and doing modeling studies.

This is a very important program, because if we can, in fact, develop this further, we'll have a way of predicting next year's growing season. Now, next year's growing season is a far cry from saying 50 years from now you might see some global warming. Because if we can predict for the farmers next year's growing season, what kind of water they will have, they can decide what kind of crops to grow from the green revolution. We think this is a very exciting program.

The tropical countries are already using the predictions that we developed to decide whether they grow soybeans or cotton. It has enormous impact on South America at the moment, economic impact. We believe that there will be a similar impact on mid latitudes; that is, the United States. So part of our money is going for that activity.

Another part of our activity is going to look at longer term changes and the impacts of clean car initiatives and vehicle emissions on what is happening to the longer term changes in the atmosphere, two of our major programs.

Mr. ROGERS. And I assume part of this increase would be to implement and monitor the Clean Air Act?

Dr. BAKER. Yes, sir.

DATA FROM PRIVATE AIRCRAFT

Mr. ROGERS. Final question. Do you use any data that comes from private aircraft radar? Do you use data from the thousands of aircraft that are in the air?

Dr. BAKER. Is there some data from commercial aircraft? There is no radar.

Mr. ROGERS. I meant commercial aircraft as opposed to military aircraft.

Dr. BAKER. We do do temperature and wind measurements on commercial aircraft and that information is fed into our systems.

Mr. ROGERS. I see. Could we use any of the thousands of private aircraft we have in the sky with radars surveilling the weather in advance of the aircraft? Wouldn't that be a mosaic that could be pieced together and be very useful to the weather predictions?

Dr. BAKER. It is an interesting thought. I don't know if that has been studied, but something that we should look into, I think. Let's make a note of that.

Mr. ROGERS. Thank you very much.

Mr. PRICE. Mr. Mollohan.

WEATHER RESEARCH AIRCRAFT

Mr. MOLLOHAN. Thank you, Mr. Chairman. Dr. Baker, how does NOAA currently obtain research data for its ozone depletion research, for example its stratospheric and tropospheric exchange research and its hurricane reconnaissance research?

Dr. BAKER. I would say with the combination of instruments that are based on the ground that look up into the atmosphere, the aircraft that actually collect data, and as you know, we use a variety of research aircraft and also the U–2, U–2 research aircraft, I think, and satellites. All of those platforms provide us information, for example, on ozone, total ozone or on ozone profiles.

Mr. MOLLOHAN. Could you talk a bit more about which systems gather which information and how your budget is apportioned among them?

Dr. BAKER. I don't know if we have a budget. Let me ask—Ned, do you want to answer that? Could you give us some detail on that?

Mr. OSTENSO. We would have to submit that for the record, the budget one. We have basically three systems: one is a ground-based ozone sounder, and——

[The information follows:]

Listed below are the major NOAA data collection efforts and budget for its ozone depletion research, stratospheric and tropospheric exchange research and hurricane reconnaissance research:

Ozone Depletion Research

With regard to the NOAA/ERL ozone depletion research program, a major fraction of data collection involves the ground level monitoring of the ozone depleting halocarbon gases. This is carried out by analysis of air samples at our four baseline observatories (Mauna Loa, Samoa, Barrow, and South Pole) as well as other global sites. The measurements are made with precise, state-of-the art analytical chemical technology; specifically gas chromatographs and, in some cases, mass spectro-meters. The cost of this program in FY 1994 is $879,000 NOAA base funds and with $852,000 from Climate and Global Change Program funds. The halocarbons are also greenhouse gases related to the global warming problem, so this is also a part of our climate change program.

Stratospheric and Tropospheric Exchange Research

The direct measurement of stratospheric ozone is done using a global network of ground-based spectro-photometers called Dobson instruments, and from a few sites (Boulder, Hilo, and South Pole) detailed vertical ozone profiles are obtained weekly using balloon-borne electrochemical ozone sensors. This program has a annual budget of $925,000 NOAA base funds and $509,000 other NOAA support from the Office of Global Programs (OGP), National Environmental Satellite, Data and Information Service (NESDIS), and the Network for Detection of Stratospheric Change (NDSC). Ozone is a major greenhouse gas so that these measurements also contribute to our climate change program.

Hurricane Research

First, a clarification should be made. Hurricane reconnaissance and hurricane research are not the same. Hurricane reconnaissance involves flying an aircraft to the location of a tropical cyclone in order to find its exact position and to measure certain storm characteristics, such as lowest barometric pressure and maximum wind speeds. These flights directly support the operational requirements of the National Weather Service. The U.S. Air Force is normally responsible for this task. However, NOAA WP-3D aircraft are occasionally requested to fly reconnaissance missions when storms are close to Cuba or when the Air Force does not have the resources to fly a mission.

NOAA performs hurricane research in order to more fully understand the dynamics and structure of hurricanes and improve track and intensity forecasts. For FY 1994, NOAA is allotted 125 flight hours aboard its WP-3D aircraft at a cost of $2800 per hour ($350,000 total) for hurricane research in the Atlantic Ocean and Gulf of Mexico. Special flight paths are set so that data may be gathered within the storm and in the storm's immediate environment. For hurricane research missions, a WP-3D aircraft carries instruments such as Doppler radars and dropwindsondes (expendable instruments released from the aircraft that measure profiles of temperature, humidity, and winds as they fall to the ocean surface) to gather necessary research data.

Mr. MOLLOHAN. How is that deployed?

Mr. OSTENSO. It is a permanent installation on the ground. We have them scattered around the country. They look upward. We, then, have a satellite sounder that has some virtues that the ground sounder doesn't have, but it doesn't sound very well at near Earth altitudes. Then we use aircraft. We are highly dependent on NASA's U–2 aircraft for ozone, particularly in Antarctica.

We have a very well-integrated interagency use of our aircraft between NSF, NASA and NOAA, and we use whatever aircraft is most appropriate for our sounding information.

Mr. MOLLOHAN. Have you looked at remotely piloted aircraft for this mission?

Mr. OSTENSO. Yes. We are looking into it. As a matter of fact, I met just yesterday with a representative from Lawrence Livermore Laboratory, who has now got probably the most sophisticated remotely piloted aircraft in existence, and we were helpful in them getting this acquisition when the Defense Department decided they no longer needed it.

Mr. MOLLOHAN. How much—does the Condor cost?

Mr. OSTENSO. That is the Condor, correct.

Mr. MOLLOHAN. How much money would it take to get the Condor funded?

Mr. OSTENSO. It would take about $5 million—these numbers are fresh, because I met with the representative yesterday.

Mr. MOLLOHAN. Good.

Mr. OSTENSO. It would take about $5 million to get it flyable. It would cost about $3,000 an hour to fly it, which is comparable to the cost of an operation of our P–3. The fixed cost of maintaining it, as I recall, was on the order of $5 million a year. The total cost of repairing the Condor and one year's maintenance would be on the order of $10 million.

There are two aircraft that have been constructed. One has got some slight damage to one of its wing sections. Lawrence Livermore acquired all the jigs manufacturing paraphernalia from Boeing to produce them in quantity if that were ever appropriate. And they have got extensive spare parts.

Mr. MOLLOHAN. And you are saying that there are two available to you at this time?

Mr. OSTENSO. There is one that is assembled in good shape that would take about $5 million to get it flyable. The other one would take slightly more, because there is a damaged wing section.

Mr. MOLLOHAN. And you don't have an estimate on that, exactly, do you?

Mr. OSTENSO. I would guess it is probably less than $1 million at this point.

Mr. MOLLOHAN. How much would it cost to procure a Condor-type vehicle?

Mr. OSTENSO. I can't imagine—I have been told that the DOD investment was in the hundreds of millions of dollars.

Mr. MOLLOHAN. Per vehicle?

Mr. OSTENSO. For the whole Condor program.

Mr. MOLLOHAN. Will you need more than one aircraft to meet your mission requirements?

Mr. OSTENSO. Yes. I wouldn't want to estimate that. We have got the tooling to do it.

Dr. BAKER. Ned, let me say——

Mr. MOLLOHAN. You just don't know the cost.

Mr. BAKER. This is a general subject of using the unattended vehicles that is of great interest to a very broad community, and, in fact, there is a program in the Department of Energy that is looking at the different kinds of vehicles that might be available. And they are looking not only at the Condor, but at some other vehicles that have been proposed, smaller and cheaper vehicles. This is a program that we are very much engaged in, in trying to understand what is available, how you might do this, what makes sense for NOAA and so on.

Because I think the general subject is an important one. Whether the Condor is the right vehicle to use or one of these other smaller, cheaper vehicles is a good question, and I would say that is under study, as it is an active program going on right now.

[The information follows:]

NOAA is looking into the broad area of unmanned aerial vehicles (UAV), and analyzing, in conjunction with the Department, the potential benefits/cost of implementing such a program.

Mr. MOLLOHAN. Which you are engaged in?

Dr. BAKER. We are engaged in, but the primary funding for that is from the Department of Energy. We are not putting any substantial amount of money into unattended vehicles at the moment because of other priorities. But it is something that could have a big impact on our program.

Mr. MOLLOHAN. You might be a big customer.

Dr. BAKER. Yes, sir.

Mr. MOLLOHAN. Can you give us some sense of the scale of your interest, should it prove to be useful to your program and cost-effective?

Dr. BAKER. Well, it depends on where we go with our ozone monitoring and upper atmosphere activities. This is very much an interagency activity in which NOAA is one of the players. We provide a lot of the basic science. The big player in terms of observations is NASA. And so we have always looked at this as an interagency activity of which we would be an important player. But the research and development for new platforms is generally something we look to other agencies for, because it is so expensive to do.

Mr. MOLLOHAN. You would be a customer.

Dr. BAKER. We would be a customer, yes.

Mr. MOLLOHAN. And then also, one of your hurricane programs——

Dr. BAKER. It has some very good potential applications there.

Mr. MOLLOHAN. What would they be?

Dr. BAKER. Well, if you had such a system, you could fly it in areas where you might worry about big aircraft not being able to take the turbulence, for example. And if you could do this in a cost-effective way, could you fly a lot more of them? That is one of the things that is very exciting—to see a whole fleet of these things going at different levels giving you the profiles.

SATELLITE PROGRAMS

Mr. MOLLOHAN. A couple more questions regarding to the satellite programs. I understand you are going to be launching, perhaps in April, your next GOES satellite?

Dr. BAKER. Yes, sir. April 12th.

Mr. MOLLOHAN. Congratulations.

Dr. BAKER. Well, we will wait until it actually gets launched. But it is on budget, on schedule, and we are monitoring it very closely.

Mr. MOLLOHAN. This is on budget, on schedule?

Dr. BAKER. Yes, sir. At the moment. The current schedule in the current budget.

Mr. MOLLOHAN. Oh. That is very good. You have probably done this before. Did the instrumentation on the next GOES meet NOAA requirements?

Dr. BAKER. This is an interesting and important question. As I understand it, and I can be corrected by our satellite experts, the instruments basically meet the NOAA specifications, but not precisely in terms of what was originally proposed. Is that correct?

Mr. WINOKUR. I guess I can't comment, because I wasn't with NOAA at that time.

Dr. BAKER. We can give you, in fact, we have a chart. I just can't remember the details that show precisely what was asked for, what is delivered and what the difference is. As I looked at that chart, it was my view that what was being delivered was very close to what had been asked for, although the numerical specifications were not exactly the same.

I think that is an accurate statement of the chart that I saw. We will provide that for the record.

[The information follows:]

The results of testing indicate that the GOES satellite instruments are likely to meet the technical performance specifications included in the satellite contract in effect on October 1, 1992, except in 13 instances. For each of the 13 performance variances, waivers were approved by the GOES Configuration Control Board (CCB), a board which reviews and controls all changes to contract performance specifications. Waivers were approved because the variances will have little or no impact on the quality of the forecasting products that the satellite will produce and, more significantly, the benefits of corrective action did not offset the effect of schedule delays and the cost associated with correction for GOES I. Below is a summary of those waivers. (Note: CCR# represents Configuration Control Request Number)

GOES-I WAIVER SUMMARY

GOES-I IMAGER

CCR#	PARAMETER	GOES NEXT-SPEC	GOES I
2157	IR IGFOV (CH. 4 N/S)	≤112 urads	128 urads

Explanation:

The imager resolution is determined by the instantaneous geometric field-of-view of the instrument. The field-of-view of Channel 4 is 14% larger than specified in the north/south direction and within specification in the east/west direction.

Impact:

A slight degradation of Channel 4 resolution or "sharpness" will be experienced. Simulations of this slightly degraded resolution have shown minimal impact on products or use of the data.

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2159	Visible Spectral Response	750-800 NM	730-800 NM

Explanation:

The spectral response refers to that portion of the visible spectrum which the visible detector responds to.

Impact:

Corrections in the Ground Systems will remove any effects of this waiver and therefore the waiver will have no impact on products.

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2200	E/W Registration within Frame	±42 urads	±50 urads

Explanation:

Supersedes CCR# 2160
The East/West registration requirement refers to the maximum "jitter" in the east/west direction of the digital images. The requested waiver value has been increased from 46 to 50 urads. This is still considered a conservative estimate of the predicted on-orbit degradation.

Impact:

The slight increase in the allowable east/west registration has been analyzed by examining simulated images with the specified jitter and the wavered jitter. No discernable visual difference is observed and the requested waiver will have negligible impact on products.

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2171	Vis MTF (4490 cycles/radian)	0.92 (min.)	0.86(min.)

Explanation:

The Visible Modulation Transfer Function (MTF) is a measure of system responsivity to rapid changes in light levels. The Vis MTF is slightly out-of-specification at the lower frequencies and meets specification at the higher frequencies at beginning-of-life.

Impact:

The impact of this waiver was analyzed by visual inspection of simulated images using the specified and wavered MTF values. No discernable difference between the images was observed and therefore this waiver will have no impact on products.

CCR#	PARAMETER	GOES NEXT-SPEC	GOES I
2172	VIS IGFOV @ midnight	≤ 28 urads	42 urads

Explanation:

Thermal distortion of the large scanning mirror will cause an enlarged field-of-view of the imager instrument in the visible regions of the spectrum at midnight ±4 hours. This enlargement will cause a loss of image resolution from 1 KM to 1.5 KM.

Impact:

Since the earth is dark at midnight in the visible region of the spectrum, there are no visible imager products produced at this time and, hence, no impact on system utilization.

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2176	Vis to IR Coregistration	±28 urads	36-39 urads

Explanation:

The Visible to Infrared (IR) Coregistration specification requires that the visible image and the four (4) IR images overlay each other to within 28 urads (1 Kilometer).

Impact:

The waiver request for a slight correction of the coregistration requirement is based on instrument test results. Corrections applied in the Ground System after launch are expected to bring coregistration within specification and have no impact on products.

CCR#	Parameter
2178	Vis & IR MTF End of Life (EOL)
TBD	IR MTF (Ch. 4 @ 2240 c/r) Beginning of Life (BOL)

EOL:

Channel	Frequency (c/r)	GOES-NEXT Spec	GOES-I
VIS	18,000	0.32	0.28
	13,500	0.53	0.49
	9,000	0.73	0.68
	4,500	0.92	0.83
IR2	1,120	0.98	0.85
IR4	1,120	0.86	0.81
IR5	4,480	0.22	0.19
	2,240	0.63	0.62
	1,120	0.86	0.81

Explanation:

The Visible and Infrared (IR) Modulation Transfer Functions (MTF) are measures of system responsivity to rapid changes in light levels. The specification value varies by channel and by frequency within a given instrument channel. This table provides only those values that did not meet specifications. This waiver takes into account anticipated in-orbit degradation of optical electronic components over the 5-year design life span of the spacecraft.

Impact:

No discernable difference was detected when visual inspections compared the simulated products at the waived MTF value to the MTF value stated in the specification, therefore this waiver should have no impact on products.

GOES-I SOUNDER

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2158	MW Channel 12 Response Width	56-64 cm-1	Det.3 56 cm-1 Det.4 55.3 cm-1

Explanation:

This parameter defines which portion of the infrared (IR) spectrum the detector responds to. The computed 50% bandwidths for MW 12 Detectors 3 and 4 are very close to the specified lower limit.

Impact:

The slight variance in the specified half power bandwidths will have no impact on sounding products.

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2169	IR System Responsivity	5%	6.2%

Explanation:

System responsivity refers to the portion of the infrared (IR) spectrum which the IR detectors respond to. The performance specification specifies that the IR System Responsivity should not change by more than 5% over the 5-year life span of the spacecraft. Worst case analysis which takes into account degradations to optical and electronic components over the 5-year life span shows that towards the end-of-life (EOL) the responsivity may change 6.2% in the LW channels and 6.1% in the MW channels.

Impact:

The very slight estimated 1.2% increased noise at the end of life is well below the accuracy of the method of estimation and will have a trivial impact on products.

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2185	NEDdN	1 - 0.66	1.99
		2 - 0.58	1.27
		3 - 0.54	1.09
		4 - 0.45	0.89
		5 - 0.44	0.79
		6 - 0.25	0.38
		7 - 0.16	0.23
		13 - 0.013	0.018
		14 - 0.013	0.014
		15 - 0.013	0.015

Explanation:

The NEdN parameter defines the sensitivity of each IR channel to changes in the scene temperature or radiance. A lower NEdN implies increased sensitivity which provides better performance.

Impact:

Simulations of GOES-I sounder temperature and moisture retrievals have shown that these changes will have no noticeable effect on products.

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2186	Channel-to-Channel Coregistration	± 22 urads	36 urads (worst case)

Explanation:

Coregistration is the requirement for each of the 19 channels to observe the same scene within ± 22 urads (0.8 KM).

Impact:

Simulation experiments of the measured mis-registration compared to the case conducted with no mis-registration show virtually no impact on accuracy, yield, or cloud discrimination due to the coregistration errors. No discernable impact on products is anticipated.

GOES-I IMAGER AND SOUNDER

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2209	Relative Calibration	± 0.1 °K	Imager 0.2 °K Sounder 0.25 °K

Explanation:

The GOES Calibration Taskforce developed a method for calculating/measuring the calibration accuracy for the Imager and Sounder instruments. The relative calibration (precision) of the instrument has been calculated for Blackbody calibration to Blackbody calibration; line-to-line calibration; channel-to-channel calibration; and detector-to-detector calibration for each channel. Final calibration of the instrument will be conducted on-orbit after the launch.

Impact:

The GOES Calibration Taskforce has determined that the precision of both the Imager and Sounder has been sufficiently established during ground testing to allow adequate on-orbit calibration of both instruments. No discernable impact on products is anticipated.

SPACE ENVIRONMENTAL MONITORING (SEM)

CCR#	PARAMETER	GOES-NEXT SPEC	GOES I
2198	Magnetic Field Interference	± 0.5 nT	± 2.5 nT

Explanation:

The measurement uncertainty of the Space Environmental Monitoring (SEM) magnetometer ground tests is greater than the specification requirements.

Impact:

Due to the uncertainty of ground measurements, in orbit tests must be run to assure specification compliance.

Mr. MOLLOHAN. You mean it is your testimony that the instrumentation is adequate to meet the mission, not optimal to meet the mission; is that fair?

Ms. JOSEPHSON. Yes.

Dr. BAKER. That is not an easy question to answer, because in the end, we have to request optimal use, and that means better forecasts and warnings for our systems. And until we actually feed new data into our systems, the exact changes which we get we can't say.

Now, we can do simulated data which we currently do, and with the simulated data we see certain improvements in forecasts, improvements which we believe are the same kind of improvements that we had asked for with the original specifications.

Mr. MOLLOHAN. Are technological upgrades to the instruments or perhaps even augmentations to current instruments planned for the next three or four launches?

Dr. BAKER. Yes, sir.

Mr. MOLLOHAN. And what do those plans involve? How would the instrumentation on the next satellites differ from the instrumentation and the capability on the current satellite that you are going to launch this April?

Dr. BAKER. Well, let me give you just one example. One of the things that we can now do with the new instruments is to do a sounding.

Mr. MOLLOHAN. Which ones are the new instruments?

Dr. BAKER. The GOES sounder, on the GOES spacecraft.

Mr. MOLLOHAN. I am asking to distinguish between the instrumentation for this flight as opposed to the instrumentation upgrades you plan for successive flights.

Dr. BAKER. If you take one instrument—we have two kinds of instruments, one that takes a picture of what you see, the other that measures the profile of the temperature through the atmosphere. If you look at the one that measures the profile, we have a certain accuracy and resolution of profile with the current instrument. Slight improvements in the instrument, that is with the actual electronics of the instrument, the way it focuses and so on, give you a better resolution and accuracy of the sounding. That is the kind of change we anticipate.

An improved sounding means better data for the forecasts and it should mean better forecasts.

Mr. MOLLOHAN. Are you familiar enough with the subject matter, to give me definitive kinds of answers, or would it be better to maybe submit it for the record?

Dr. BAKER. We would be happy to give you the answer, and the answer is, no, I am not. What you heard is what I know.

Mr. MOLLOHAN. That is fair. I don't want to ask you——

Dr. BAKER. We can give you a detailed answer.

Mr. WINOKUR. We can submit a detailed response for the record. I was only at NOAA for a few months when all of this started. But there is a marked improvement in the resolution of the GOES system that—the GOES satellite that we will launch in April compared to what happened in the past. The GOES follow on, the exact specifications for that has not been defined. It is an outyear problem and it is critical—funding is critical so that we can do the GOES follow on.

[The information follows:]

The difference between the current GOES satellite (GOES–7) and the Next series of GOES satellites (GOES I–M) can be best described by the improvements in the products derived from the two major instruments (the imager and the sounder).

IMAGER IMPROVEMENTS (200–800% IMPROVEMENT)

More details (4 KM Infrared resolution, oversampled visual, better signal to noise, higher bit depth).

Enhanced severe storm forecasting
Improved Composite Imagery (5-channels)
Low sun visibility
More images—better comparisons with other observations
Better winds (including cloud drift) and precipitation estimates
Timely rapid scan without sounder conflicts of GOES–7
Fog Detection
Better Earth location accuracy

SOUNDER IMPROVEMENTS: (100–600% IMPROVEMENT)

Full-time coverage
Better synchronization with conventional observations
Better boundary-layer depiction (with shortwave channels)
More thermal gradient winds over oceans for models
Better Earth location accuracy

CONVERGENCE WITH DOD

Mr. MOLLOHAN. What is the status of your convergence discussions with DOD and NASA on the polar satellite programs?

Dr. BAKER. This is a process that is working very well. We expect to have a report, as promised, to Congress from the Office of Science and Technology Policy in late April, and we are on track for providing that report. There will be substantial cost savings over the total life of the program, and we believe that we have ironed out most of the issues, although I have to say, there is a lot of discussion still going on regarding the details. But we are currently on track to provide that report to you in late April.

Mr. MOLLOHAN. What do you anticipate being able to achieve?

Dr. BAKER. Well, in overall terms, we are moving from four satellites that we now operate to three satellites, one that would meet primarily DOD requirements and one primarily NOAA, and a European satellite, which made up the third satellite. So from the U.S. side, moving from four to two. The European satellite we would provide the instruments for.

Mr. MOLLOHAN. What do you gain? How do you benefit from this process?

Dr. BAKER. There are two benefits here. We have a benefit to the Nation that we are saving money in operating the program. We eliminate duplicative efforts, and NOAA is very closely tied to the expertise in DOD, so that our own satellite operations have that additional DOD interaction, which is important. So we save money and we have a better operation.

Mr. MOLLOHAN. Could you submit for the record more elaboration on that?

Dr. BAKER. Yes. That will be part of the report, but we will make sure that it is in there, exactly how we benefit.

[The information follows:]

The Report on Polar Convergence prepared by the Office of Science and Technology Policy, was unveiled at a White House on May 10. Plans were announced to converge DOD's Defense Meteorological Satellite Program (DMSP) of the Department of Defense and the NOAA Polar-orbiting Operational Environmental Satellite (POES) system into a single operational environmental satellite system. In addition the converged operational program will incorporate appropriate aspects of NASA's Earth Observing System technologies.

Under the directive, NOAA was named lead agency for integrating the converged system, for satellite operations, and for the interface with national and international civilian users. DOD will have responsibility for the program's acquisitions, command and control, and launch and systems integration. NASA will be responsible for facilitating the development and incorporation of new cost-effective technologies that will enhance the capabilities of the converged system. The joint office to manage the system is to be set up by October, although the two operations will not be completely combined until 2004.

The new system is expected to reduce duplication of efforts in meeting common requirements while satisfying the unique requirements of the civil and national security communities. Convergence is expected to save an estimated $300 million by the year 2000, through elimination of dual planning and development programs, with additional savings of more than $1 billion in the following 10–15 years. The converged system will continue the open distribution of environmental data and accommodate international cooperation.

In addition, the European space Earth observation partners were invited to explore incorporating the European METOP polar satellite series into the converged system, assuming U.S. mission requirements can be met.

Mr. MOLLOHAN. And a statement about the budgetary implications of conversions.

Dr. BAKER. Is that included in the report?

Ms. SULLIVAN. There will be a budget forecast in the implementation plan. It is predicated on a general scenario, as Dr. Baker described, and there are still some technical details not yet worked out on that. But that will be included in the implementation plan.

Mr. MOLLOHAN. I think we all encourage you to pursue cooperation with other agencies to the extent that you can. Many dollars can be saved, hopefully if you can merge those missions.

Thank you, Mr. Chairman.

Mr. PRICE. Mr. Moran.

OYSTER DISEASE RESEARCH/CORAL HARVESTS

Mr. MORAN. Thank you, Mr. Chairman. I think that you must have misspoke when you answered the first question I asked, and so I just want to revisit it, even though it is a minor program. Were you told in the committee report last year that that $1.5 million for oyster disease research was to be transferred from National Marine and Fisheries to the National Sea Grant Program? And you said that it was being done by National Marine Fisheries Service. You are going to transfer it, aren't you, to the National Sea Grant Program.

Dr. BAKER. Do you have an answer for that?

Mr. SCHMITTEN. I am not sure on that. It is a million and a half, and I see it in the revised request to OMB which is the reference I made—money going back in. Which agency ends up with it, I will verify.

[The information follows:]

In FY 1994, the appropriation of $1.5 million for oyster disease research was managed by the National Marine Fisheries Service's (NMFS's) Chesapeake Bay Office and was awarded as grants to Virginia and Maryland to conduct oyster disease research. We believe this represents a significant management improvement over the previous arrangement in which these funds were managed out of the NMFS Northeast Regional Office. We do not believe that directing these funds though the Sea Grant Office is necessary; we believe that the present management arrangement provides for the best mechanism to integrate this work with other Chesapeake Bay oyster disease and habitat efforts.

For the first time, the FY 1995 budget requests funding to continue the oyster disease research program as part of the Build Sustainable Fisheries initiative. It is no longer proposed for elimination and is not being offered as a reprogramming or rescission item. Thus, in FY 1995 NOAA will be able to continue the efforts resulting from the FY 1994 appropriation of $1.5 million for oyster disease research.

Mr. MORAN. The Committee put it back in for the purpose of it being transferred over to the National Sea Grant Program. That other thing about the coral reef, I know I was kind of flippant about it, but apparently there are 485,000 pounds in the Florida Keys marine sanctuary that allow the harvesting of coral. This sanctuary was established to protect coral.

As you know, it is very fragile and it takes generations to ever build up, and to be harvesting it for pet stores, you know, for ornaments for fish tanks seems questionable. There is a South Atlantic Treaty Council or something, and they said, well, we are going to start banning it in 1996.

A lot can be done between now and 1996, none of it particularly protective of the coral reefs. So would you check into the coral reefs and report back to us on what you are doing? 1996 is too far off.

[The information follows:]

Live rock refers to living marine organisms attached to a hard substrate (including dead coral or rock). Live rock is used in aquaria as ornaments and to maintain a natural balance of processes. The State of Florida prohibits the wild harvest of live rock. In the Exclusive Economic Zone (EEZ) the harvest of live rock is allowed. The Fishery Management Councils have called for a ban on the wild harvest by 1996. As currently proposed, the sanctuary regulations will prohibit the harvest of live rock consistent with regulations being proposed by the Fishery Management Councils and already issued by the State.

In the interim period, the Fisheries Management Councils are working to develop an aquaculture program. The State of Florida is also developing an interim aquaculture program to address the problem of coral harvesting.

GLOBAL WARMING

Mr. MORAN. Now, I want to ask you about a show that was on the Discovery Channel about, I think one week ago. I came home, my wife was all upset and so on, all the kids were watching it. But it was with regard to this global warming. I wish Hal was here. And it said that there is an opening in the ozone layer equal to the size of the Continental United States. That is pretty big. And it said that it is possible that the planet could start drying up within three generations.

Well, that is pretty soon. Now, is that all hokum or just pure dramatic license, or do you—is there really no justification for this level of anxiety over the global warming issue? I mean is it just a threat, or is it real? Have we seen some true, real, provable erosion of the ozone layer that protects us from the sun's infrared rays?

Dr. BAKER. There are two issues there which are real important ones. Let me take the ozone question, which is one I think where we have a good scientific understanding and observations of the changes in the ozone layer. We saw this starting to change in the 1970s. There is no question that the amount of ozone in the Antarctic and now over the Arctic has decreased since that time.

We have very active measurements to show that. And I think there is very good evidence that the reason for this is the chemistry in the stratosphere which is driven largely by the release of CFC's. And as a consequence there has been a global agreement to replace CFC with HFC and they don't have that impact.

Mr. MORAN. In aerosol spray, in other words. And they just keep going up into the atmosphere.

Dr. BAKER. That is right. They mix upwards into the stratosphere and then they react with the chemicals to destroy the ozone. The ozone connects with these large chemicals and produces water vapor——

Mr. MORAN. Can you arrest that process? It seems as though once they start, they just keep breaking down these protective chemicals.

Dr. BAKER. We don't know any way to have a large scale change except by not releasing CFC. Of course, all of the CFC that have been released are going to have an impact for a long time to come. So I think we are starting to see now the first evidence—the change in the rate of formation, isn't that right, Ned, a change in the rate of formation of the ozone layer, because, in fact, of the Montreal protocol which was an international agreement to eliminate the CFC.

Now, there is not a direct connection between the ozone layer and global warming. But we have a very complex system that we are living in with the atmosphere and the ocean and the clouds and the way the sun interacts. So it is not possible to give a real definitive statement, and as I said before, other things being equal, if you add carbon dioxide and other such large molecules to the atmosphere, the atmosphere will warm.

The problem is, other things are not equal and we have oceans and clouds and other things that we don't really understand that well. So as we look at various models, the models give us different kinds of predictions. They all say we will see something about 50 years from now, but they are not very good in telling us what is going to happen five years from now.

Mr. MORAN. So we don't know that the planet is actually in the process of drying up.

Dr. BAKER. It is very hard to say what it is doing, because we have large natural variability in drought cycles, in water cycles, precipitation cycles, and as we look back in history we have always seen these very large fluctuations. Whether it is a part of a natural fluctuation or one that is man-made we cannot be certain at the moment.

NOAA RESTRUCTURING AND BUYOUTS

Mr. MORAN. Just one last question. You say you are not restructuring, there is a realignment going on, but that is not a major impact. But will the buy-out legislation affect NOAA in any significant way? Are you going to lose major program—a significant number of middle level managers?

Dr. BAKER. Well, let me answer your first question. We did a realignment of our staff offices and headquarters in order to just reduce the sizes of our headquarters, but that really has no impact on our major organization, the way in which we operate. Buy-outs, I think, would have an impact on what we do.

I don't know if the Department of Commerce has been part of that buy-out. We are part of that. And whenever buy-outs have been offered, they have had an impact on middle management. So I would expect that they would have some impact on what we do.

Mr. MORAN. That is fine. Mr. Chairman, I am finished except for the comment that I am finding this consistently. An awful lot of managers really don't know what is coming if this buy-out legislation passes and what the effect of the 252,000 reduction really means for their agencies. And it worries me, because it is coming over the horizon and we are running out of time. But you don't need to comment.

Dr. BAKER. Well, I can say, we are very concerned also. And one is that, you know, we are facing employee reductions, which the President has mandated, and we try to meet those as required.

As far as the effect of buy-outs, we are doing interviews. We are discussing with our senior people about their plans and trying to understand exactly how that would happen, because we also are very concerned about that same point.

Mr. MORAN. Thank you.

WEATHER SERVICE MODERNIZATION

Mr. PRICE. Dr. Baker, I would like to turn to the subject of weather service modernization.

Dr. BAKER. Yes, sir.

Mr. PRICE. You say in your statement that an important component of that is NEXRAD and ASOS procurement, and new office construction. You are on the downside of the funding profile. I would like to ask you to fill that in a bit.

In your budget justifications you have a table on page 101, which indicates that the NEXRAD accepted operational and by the end of fiscal year 1994 will be 61, with 73 delivered, and then another 37 systems or so on line by the end of fiscal year 1995, and then a similar deployment schedule for ASOS.

We don't have dollar figures attached to those numbers, and I wonder if you could furnish those. I am referring now to page 309 of the hearing record from last year. Just concentrating on NEXRAD for the moment. The actual funding level for NEXRAD in fiscal year 1994 was $120 million, I think, only slightly under your request.

Now, your projected funding for fiscal year 1995 that you gave us last year was around $57 million. As I understand in this current request, you are requesting just short of $80 million.

Dr. BAKER. That is right.

Mr. PRICE. Why an increase of that magnitude, and I guess more generally, could you update that table that you gave us last year, which indicates the funding in the outyears for NEXRAD and ASOS?

Now, you say in your statement that we are on the downside of that funding profile. I wonder what those outyears do look like. Maybe you could tell us a little bit about that now. We would like to have the full table.

The AWIPS funding is not on the downside. We are looking at substantial increases in the outyears that change, though, from projected NEXRAD funding for fiscal year 1995. That change does lead me to ask the more general question, to what extent are these projections still accurate and what kind of major changes, if any, are we seeing now?

Dr. BAKER. Let me say that we will provide the information for the record. But Lou, do you have a comment on the difference between last year's statement and the one that we have here?

Mr. BOEZI. No, I don't.

Dr. BAKER. We will provide that for the record.

[The information follows:]

As reported in last year's hearing, the costs of the modernization of the Weather Service necessary for achieving the office structure and staffing goals targeted in the Strategic Plan, peaked in FY 1994. These efforts contained in the Advanced Short-term Warnings and Forecasts Program, Complete Weather Service Modernization sub-element consist of the key observing systems (GOES I–M, ASOS, and NEXRAD) the data handling systems (Class VII Computer and AWIPs), the accompanying staffing and training (MARDI), and facilities work (WFO Facilities). The outyear projections for these items included in the FY 1995 President's request are shown below. Recurring costs, commencing in FY 1999, for the aforementioned systems, excluding GOES, are projected to be approximately $83.4 million in 1994 dollars.

FY 1995 PRESIDENT'S REQUEST

[All dollar amounts are in thousands]

	Fiscal year—					
	1994 enacted	1995 estimate	1996 estimate	1997 estimate	1998 estimate	1999 estimate
MARDI	$75,000	$120,000	$84,766	$78,137	$63,092	$44,729
NEXRAD	120,000	79,641	53,923	50,043	43,815	42,485
WFO Facilities	62,784	18,297	3,400	0	0	0
ASOS	18,135	17,534	5,520	4,000	4,000	4,000
AWIPS	43,564	49,550	96,016	90,486	39,481	36,386
Class VII Computer	8,000	13,874	16,817	15,058	16,000	11,000
GOES I–M[1]	123,746	130,962	112,601	83,327	83,478	69,859
Total	451,229	430,315	373,043	321,051	249,866	208,459

[1] Does not include any funding for METEOSAT operations. Any requirement for these funds will be requested on an as needed basis from the GOES Contingency Fund. It should be also noted that the FY 1994 Appropriation for GOES I–M Satellite and Launching was $47 million short of minimum funding requirements, with the understanding that the GOES Contingency Fund would be utilized to make up the difference. Not included in this figure for FY 1995, are product development, data management, and funds to commence the GOES follow-on program.

NEXRAD

Mr. PRICE. All right. That is a substantial difference for NEXRAD, and it is not clear just by glancing at this chart what accounts for that, because according to your testimony last year you were looking to deliver 36 additional systems in 1995, and I think that is what you are still looking at. So why that difference of some $23 million?

Dr. BAKER. Mr. Chairman, let me——

Mr. MOXAM. The delivery schedule wouldn't change. A lot of the contract funding we do is up front, and so the obligations occur well in advance of any delivery of the system. So that wouldn't be affected.

What probably changed, we will provide this for the record. It is more in the area of logistic support, spare parts, we need spare parts for that. That is an area where we have had ongoing discussions with the contractors. I think that would be the area. But again, Mr. Chairman, I would like to provide that for the record.

[The information follows:]

There are three major reasons for the change in the FY 1995 estimate for NEXRAD costs from the previous estimate: logistics, acquisition and operations and maintenance. The logistics estimates have been revised (−$4.0 million) based upon updated pricing figures and additional failure rate data. Hardware and site specific construction costs (+$6.3 million) in addition to interim contractor support costs in support of the NEXRADs is one factor which has increased acquisition costs. The construction costs are specifically for the siting of the NEXRADs and are covered in this area as opposed to the construction of the Weather Forecast Offices which is covered within the Construction appropriation. Additionally, the National Weather Service, in order to ensure uninterrupted service to the NEXRADs in the event of power outages, has included uninterruptible power supplies (UPS) for the NEXRAD sites (+$4.4 million).

Revised replenishment spares lists and recognition of the ongoing operations and maintenance requirements for the NEXRAD once the system is installed and operational account for the largest change in the request from the projected cost (+$12.4 million). The remaining increase (+$3.9 million) covers Systems Program Office (SPO) support specifically for the NEXRAD program, product improvements/enhancements and a provision for data management.

Mr. MOXAM. There is also some fluctuation in the program as far as siting the actual radar. Sometimes when we go into build a radar on a certain site, we have cost estimates, things change, we can't use it, we don't get the easement, and so that will increase the cost in siting radars themselves. I am not talking about the offices, just the radar installation itself. Those are the sorts of things that happen. But if I recall, logistics was a big item of discussion over the last year or so.

Mr. PRICE. Well, as I understand it, most of the earlier problems, contractor problems with NEXRAD, have been worked out and this system is being deployed across the country, and that includes my part of the country on schedule now, and we are pleased with that. We would like whatever clarification you can provide, though, of these differences in the funding estimates and while you are at it, as far as the NEXRAD spare part question is concerned, if you could respond to some of the criticisms that have been made of that by the Inspector General, or maybe you want to do that here.

What is the import of those criticisms? Does that have any bearing on this funding matter?

Dr. BAKER. Well, in a nutshell the discussion of whether the spare parts should be supplied by the original supplier of the NEXRAD, or whether we should go out for bid for spare parts, it has been our view that the first round of spare parts should be supplied by our original supplier, because of the need for exact equipment. That is the on-going discussion.

Ms. JOSEPHSON. What we are doing now is to break out about 90 percent of the spare parts this year. We are going directly to suppliers. We will then eliminate the prime contractor as a provider of spare parts. The argument is that that will be less expensive because we won't have to——

Dr. BAKER. That will save money.

Ms. JOSEPHSON. This is the right time to transfer operational responsibility to the suppliers. That has been the basis of the discussion with the IG; when we will transfer this function.

IG CONTRACT GROWTH CONCERNS

Mr. PRICE. Well, as you know, elsewhere in the IG's report, there is a more general discussion of the Weather Service Modernization Program and some of the work that is being done on the weather forecast offices. The IG cites insufficient documentation to account for tens of millions of dollars in continuous contract cost growth, from 1986 to 1992, reliance on general statements to permit the contractor to add millions of dollars to new, redefined services.

What kind of action have you taken to respond to those criticisms?

Ms. JOSEPHSON. We have new procedures in place—the criticisms of the IG do date back to an early period of time. We don't have any ongoing discussion with him about the construction of the Weather Service office facilities. And we have incorporated into our procedures any comments that were made. So we still have an issue where we are still arguing about one particular case, but in general, he has not raised questions about ongoing——

Dr. BAKER. That is a fair statement.

Mr. MOXAM. If I could elaborate, the one that is ongoing was the first, I believe, one of the first weather stations we built. So that is how far back it dates. It is quite an old report. But we have had discussions, and as the Deputy Under Secretary mentioned, we have incorporated in our procedures for WFO construction, improvements to make sure the competition is there. That was one issue that was brought up. I think we clarified the roles of the government employees versus the contractors. That was another issue that was brought up.

Mr. PRICE. Well here, too, I think a more detailed and systematic response of the kind of actions that you are taking would be helpful to the subcommittee.

[The information follows:]

At the onset of the follow-on Fluor Daniel, Inc (FDI) contract awarded October 31, 1992, NOAA changed its processes. The Agency acted to specifically ensure that no negotiations with contractors, land owners, etc., were conducted by FDI. Any work that appeared to be inherently governmental in nature was removed from the Statement of Work, in the area of real property acquisition. In addition, the Agency discussed the roles of the government employees versus those of the contractors with FDI to ensure that FDI understood what efforts may and may not be performed under these contracts.

In addition, NOAA reassigned the award and administration of the new FDI contract for the WFO construction project to NOAA's Procurement Operations Division, in the Office of Administration Headquarters in Washington.

The Office of the Inspector General's (OIG) concerns about NOAA's excessive design study costs were addressed in new procedures that were applied to the letter contract with FDI. NOAA awarded the new NEXRAD support service contract to FDI with the commitment that the contract will be reviewed and revised in accordance with the conditions of the new Weather Forecast Office (WFO) support contract. Finally, NOAA deferred awarding the WFO support contract until the contract could be better defined and administered in accordance with OIG's recommendations.

FACILITY PLANS

Mr. PRICE. Let me turn, finally, to the facility needs in the long-term facility plan. Could you tell us what the status of your long-term facility plan, the plan requested by this subcommittee in the conference report on the fiscal year 1994 Appropriations Act is? I know you are a bit overdue on that. I wonder when you are going to be able to submit that report.

Mr. MOXAM. I don't have an answer for that. We have looked at our facilities needs and find that we have a good amount of work that needs to be done. I think last year we testified to somewhere in the neighborhood of $40 million in backlog of work to be done in basic maintenance, and also one of the biggest areas of concern right now is environmental compliance issues, especially in the Pribilof Islands where there is quite a bit of environmental restoration work that is required.

I will check and see how we are doing on that and get back to this Committee with a status report on that, sir.

[The information follows:]

NOAA has prepared a comprehensive report on NMFS facilities. This report is in final clearance and is expected to be transmitted to the Congress in the near future. This report includes an update of the physical characteristics of the NMFS labs, a programmatic description of the labs, budget and personnel data on the labs, and current physical facility needs.

Mr. PRICE. Well, the original request was for a January 1 report.

Mr. MOXAM. Yes.

Mr. PRICE. So we are overdue on that. How much of this is reflected in your budget request in any changes in your space and facility requirements? In particular, are you proposing to close or downsize any of your labs or other facilities in fiscal year 1994 or fiscal year 1995?

Dr. BAKER. I don't believe we are planning to do that, and we do have—let me just answer your general question. One thing we were asked to do in addition to what you said, I think, was a comprehensive facilities plan for the National Marine Fisheries Service, and a draft report is now being circulated for clearance in the agency, and we expect to have that within a few weeks. This will have physical characteristics of the labs, programmatic description of the labs and current facilities needs. That responds, at least, to part of the question that you raised.

Mr. PRICE. And can you pick up on what I was asking about the extent to which these needs are reflected in your budget submission?

Mr. MOXAM. Yes, sir. In the area of environmental compliance we are asking for a 50 percent increase in the program from $4 million to $6 million, and we are asking for a decrease in facilities maintenance of $2.5 million to bring it down to $4 million. So there would be a slowdown in maintenance of facilities.

Mr. PRICE. These are upgrades that you are describing?

Mr. MOXAM. A lot of this is just maintenance, sir.

Mr. PRICE. Are there new facilities that you anticipate you will be asking for?

Mr. MOXAM. Besides the Weather Forecast Offices, no, sir. We finish moving into Silver Spring. That is it.

Mr. PRICE. And then what about closing or downsizing?

Mr. MOXAM. There is nothing planned in 1995 as far as in this budget for closing or downsizing, as I recall. I am just going through the list right now of the individual—and I don't recall anything right now, sir.

Mr. PRICE. All right. If there is anything subsequently.

Mr. MOXAM. We will clarify it for the record.

IMPACT OF FTE DECREASES ON FACILITIES

Mr. PRICE. If you would please submit that. Now, we were talking earlier about the FTE reductions, the administrative cuts. Can you say anything about the impact that that might have on NOAA's space requirements in future years?

Mr. MOXAM. So far we have not anticipated any, but that is a good question. I don't know if we really addressed that directly, sir.

Dr. BAKER. We haven't addressed that specific question yet.

Mr. PRICE. That, too, perhaps you could elaborate for the record.

Mr. MOXAM. The one exception, sir, would be in the Weather Service where they have a National Implementation Plan where they are moving from old offices and either dropping the leases, or not occupying them anymore, of course, and going to new offices, and that is about 5,000 of our 14,000 employees. So that area, it is anticipated, but the rest of NOAA, no, sir.

[The information follows:]

The budget request does not reflect any changes in space and facility requirements because the decreases requested are either connected to projects that do not require Government space or the decreases are being offset by increased space requirements for other NOAA programs. At present, we are not expecting to close any lab or other facility in FY 1994 or FY 1995.

CLOSING REMARKS

Mr. PRICE. I believe that pretty well covers the general questions that we have. There are some additional items that we will want to ask you to respond to for the record. I am sure the Minority will also have some questions. We do appreciate you being here today and your very helpful testimony. The committee is now adjourned.

[The following questions were submitted to be answered for the record:]

QUESTIONS FROM CONGRESSMAN SMITH

Fee Proposal

QUESTION:

Your requested appropriations language includes a fee proposal totalling $88 million. Have you developed the details of this proposal? Please highlight your plans for the fees now, and provide more details for the record.

ANSWER:

The proposal to increase user fees by $88 million under NOAA is comprised of $82 million in living marine resource fees, $3 million in additional aeronautical chart fees, and $3 million in marine sanctuary management fees. Fees collected would be credited to a special fund in the Treasury, to be available until expended, to recover the direct and indirect costs of administering living marine resource programs. In addition, the fees actually collected will be used to reduce the funds appropriated for the Department of Commerce.

> With regard to the living marine resource user fees, a proposal is being developed in concert with representatives of the Congress and the community. We expect to have a proposal submitted to Congress in the very near future in association with the reauthorization of the Magnuson Act.
>
> The FY 1995 figure for aeronautical charts represents a target figure for increased collections based on an increase to the amount charged for these products. The Commerce Department has the authority to raise the fees on its products including aeronautical charts, based on P.L. 103-121.
>
> An Administration working group is developing an implementation plan for a sanctuary user fee system. At present, NOAA has the legal authority to charge concession-type fees, but does not have the authority to charge individuals for non-concessionary activities, such as scuba diving, snorkeling and boating. When a final proposal is developed, it will be submitted to Congress.

QUESTION:

Your budget request assumes that these fees will result in a reduction of the budget authority to be directly appropriated for NOAA. However, CBO has not scored the fee proposal as a reduction. Have you discussed this proposal with CBO? What have been the results of your discussions?

ANSWER:

We have discussed the fee proposals with CBO and will continue to work with them to attempt to classify the fees as offsetting collections. We believe the Administration's proposal is the most appropriate and useful way to achieve and reflect fees in the FY 1995 budget. The prospect and assumption of a resource fee proposal allows for growth (22 percent in FY 1995) in NOAA's programs to build sustainable fisheries and recover protected species. The Administration's proposal allows for a major increase in living marine resource programs for NOAA/NMFS in advance of collecting fees, thus demonstrating the Administration's commitment to both meeting the statutory requirements of NOAA's living marine resource programs and generating appropriate resource fees as is already the case in other areas such as timber, minerals, etc.

Status of Authorizations

QUESTION:

What is the status of authorization for all of NOAA's programs for FY 1995? Please provide a summary for us now of all the various authorizations pending or required, and provide details for the record in the form of a table in last year's budget order.

ANSWER:

Several public laws that cover the budget authority requested in the FY 1995 budget need reauthorization in the 2nd session of the 103rd Congress. These authorizing acts and the appropriate dollar amounts by Line Office are shown in the chart below.

(All dollar amounts in thousands)

NOAA Authorization Act of 1992
P.L. 102-567, exp. 9/93
Introduced in House - 3/10/94

	1994 Enacted	**1995 Request**
National Ocean Service	$132,416	$115,172
National Marine Fisheries Service	91,763	82,379
Oceanic and Atmospheric Research	180,844	194,754
National Weather Service	540,131	599,079
National Environmental Satellite, Data, and Information Service	225,743	245,963
Program Support	143,343	154,123
Fleet Modernization, Shipbuilding and Conversion	77,064	23,040
Construction	109,703	36,197
TOTAL	$1,501,007	$1,450,707

Anadromous Fish Conservation Act of 1965

P.L 102-130, exp. 9/94

No action

	1994 Enacted	1995 Request
National Marine Fisheries Service	$2,358	$2,358

Endangered Species Act of 1973

P.L. 93-205, exp. 9/92

No action

	1994 Enacted	1995 Request
National Marine Fisheries Service	$8,625	$20,376

Magnuson Fisheries Conservation & Management Act

P.L. 101-627, exp. 9/93

Introduced in House - 2/3/93

	1994 Enacted	1995 Request
National Marine Fisheries Service	$103,218	$142,502

Marine Mammal Protection Act

P.L. 100-711, exp. 9/93.

Passed in House - 3/21/94/Passed in Senate - 3/21/94

	1994 Enacted	1995 Request
National Marine Fisheries Service	$21,337	$30,149

QUESTION:

Are there any pending or recently enacted authorization bills for which funding is not requested in your budget? Please provide details for the record.

ANSWER:

Funding is authorized in pending or recently enacted bills for the following programs that are not included in NOAA's FY 1995 budget request:

Southeast Florida and Caribbean Recruitment Program,
H.R. 4008, Section 102 (3)

San Francisco Bay Ports System,
H.R. 4008, Section 307

NOAA Organization

QUESTION:

I understand the head of NOAA's Systems Program Office recently left the agency. Do you intend to continue this office? When do you expect to name a successor to that position? Are you looking inside or outside the agency for a replacement?

ANSWER:

The head of the Systems Program Office (SPO) recently left the agency. The SPO remains critical to the success of our major systems programs and NOAA is currently conducting a search for a senior executive with extensive experience in major systems acquisition and program management.

Administrative and FTE Cuts

QUESTION:

What are the decreases included in your budget request for implementing the President's executive orders on FTE and administrative cuts? How have these cuts been distributed throughout the NOAA program offices, and what were the criteria for that distribution?

ANSWER:

The total decrease for Administrative savings for FY 1995 is $8,890,000 and the total decrease for personnel savings for FY 1995 is $6,870,000. A spread by activity for both executive orders is listed below.

(Dollar amounts in thousands)

Activity	Admin Decrease	FTE Decrease
Operations, Research and Facilities		
NOS	($459)	($1,304)
NMFS	(690)	(2,293)
OAR	(496)	(533)
NWS	(2,362)	(0)
NESDIS	(3,944)	(1,010)
PS	(880)	(1,730)
Sub-total ORF	**($8,831)**	**($6,870)**
Other Accounts	**(59)**	**(0)**
Total	($8,890)	($6,870)

The distribution of the Administrative Reduction was based on object class as prescribed by the Office of Management and Budget. The distribution of the FTE cuts was based on an individual Line Office's FY 1993 FTE Ceiling, with the NWS reduction being delayed to ensure public safety during the modernization.

QUESTION:

What will be the impact of these cuts on NOAA's mission and operations in FY 1994 and FY 1995?

ANSWER:

The reductions associated with the overall government-wide FTE reductions and administrative savings from more efficient operations and are not affecting NOAA's mission or operations in FY 1994 and not expected to effect the mission or operations in FY 1995.

QUESTION:

Will reductions in force (RIFs) or furloughs be necessary in FY 1994 or FY 1995 to accommodate the FTE cuts?

ANSWER:

No furloughs or RIFs will be required by NOAA to fully comply with Executive Order 12837. NOAA is working to ensure that application of the Order to the National Weather Service does not effect public safety during the modernization.

National Performance Review

QUESTION:

Has NOAA been impacted by the proposals of the Vice President's National Performance Review? Please provide a summary of the recommendations impacting NOAA today, and follow up with details for the record.

ANSWER:

NOAA has been impacted by the following recommendations contained in the National Performance Review:

- **Create Public/Private Competition for the NOAA Fleet** (DOC05) - A pilot program is recommended to open the National Oceanic and Atmospheric Administration fleet to public and private competition to bolster its aging fleet.

  NOAA Action: NOAA will begin implementing the NPR recommendation with regards to the hydrographic (charting) portion of the Fleet in FY 1994 and continue in FY 1995. We will be actively evaluating the effectiveness and ability of private contractors to provide ship platform support to the programmatic needs of NOAA. This is in direct support of the National Performance Review recommendation on the Fleet. This information will be used to prepare the FY 1996 Budget request.

- **Establish a Single Civilian Operational Environmental Polar Satellite Program** (DOC12) - To reduce duplication and save taxpayers a billion dollars over the next decade, various current and proposed polar satellite programs should be consolidated under NOAA.

  NOAA Action: A report is due to the Congress from the Office of Science and Technology Policy on polar convergence in late April. We are currently on schedule to meet this date. The funding for NOAA, DOD and NASA for the Convergence issue will be dictated by final decision/approval of that plan contained in the report. It is anticipated that Congress will adjust the agencies' budgets, if needed, during the FY 1995 Congressional budget process.

- **Strengthen Coordination of Science Policy** (NSF01) - The President should issue a directive and propose legislation to reconstitute the Federal Coordinating Council for Science, Engineering, and Technology as the National Science and Technology Council, giving it a broader role in setting science and technology policy.

  NOAA Action: Last November, the President established the National Science and Technology Council which will have 9 Committees to oversee all the science conducted within the Federal Government. NOAA will mostly be under the purview of the Committee on the Environment and Natural Resources (CENR) with agencies such as Interior and EPA. As the CENR and its subcommittees begin to examine what is being done by the various Federal agencies, I am confident that the excellent work done by NOAA and the significant benefits which accrue from our work will result in increased recognition of NOAA role and increased research funding in the future.

- **Improve Marine Fisheries Management** (DOC06) - To help protect fishing resources and provide new income to the government. NOAA should collaborate with Congress and fishing industry representatives to establish appropriate user fees to help offset management costs for national fishery zones.

  NOAA Action: NOAA has submitted a proposal to OMB and the necessary legislation is being drafted. We expect to have the proposal submitted to Congress in the very near future in association with the reauthorization of the Magnuson Act.

- **Create a National Environmental Data Index** (IT07) - Organize the implementation of a national environmental data index in the Commerce Department.

  NOAA Action: The development of a National Environmental Index is an essential step toward a National Environmental Information System. This is a high-priority action item under the National Performance Review. As such, the Department of Commerce is expected to identify and seek required funding to accomplish this goal. The index is to be implemented through a letter from OMB assigning lead responsibility to NOAA. Actions in the short term include an interagency planning activity and the development of a detailed schedule and work plan.

Facility Needs

QUESTION:

What is the status of the NOAA long-term facility plan requested be the Committee in the conference report on your FY 1994 Appropriations Act? When will that report be submitted to the Committee?

ANSWER:

NOAA has prepared a comprehensive report on NMFS facilities. This report is in final clearance and is expected to be transmitted to the Congress in the near future. This report includes an update of the physical characteristics of the NMFS labs, a programmatic description of the labs, budget and personnel data on the labs, and current physical facility needs.

QUESTION:

Does this budget request reflect any changes in NOAA's space and facility requirements? Are you proposing to close or downsize any of your labs or other facilities in FY 1994 or FY 1995?

ANSWER:

The budget request does not reflect any changes in space and facility requirements because the decreases requested are either connected to projects that do not require Government space or the decreases are being offset by increased space requirements for other NOAA programs. At present, we are not expecting to close any lab or other facility in FY 1994 or FY 1995.

Advance Short-term Forecasts and Warnings

QUESTION:

The Commerce Budget in Brief (page 70), under the description of the Advance Short-Term Forecasts and Warnings line items, says that "NOAA will terminate activities that no longer contribute to the Agency's mission". The proposed decrease is 114 positions and $15 million. What specifically are these activities? Why are they no longer required in FY 1995?

ANSWER:

The proposed decrease of 114 positions (110 FTEs) and $15 million in funding will be realized as the modernized technology is being installed in the field. The significant service improvements that have resulted from the new technology obviate many of the fears and concerns that degradation of services might result from the transition of the old structure to the new. Because of the success of the new technology, the NWS, staying within the spirit of Public Law 102-567, will accelerate the termination of activities that no longer contribute to the Agency's mission. At the same time, modernization goals will be pursued in the most economic, efficient manner possible to ensure that weather stations receiving new radars and equipment are adequately staffed to use the new technology effectively. If these savings cannot be obtained, the pace of the modernization will be slowed accordingly.

GOES Satellite Program

QUESTION:

I understand that the GOES satellite is scheduled for launch on April 12, 1994. What have been the total costs of developing this satellite, and how does that compare to the original estimates?

ANSWER:

The total contract cost for developing the GOES I-M satellites is approximately $1 billion, of which approximately $200 million is attributed to GOES I. This compares to the original estimate of approximately $55 million for GOES-I. The cost growth is comprised of government directed changes (approximately $50 million) and cost over-runs in the spacecraft (approximately $95 million) due to a continued delay in development of qualified flight instruments. Following both Congressional and Departmental involvement in these problems, the cost and schedule over the past two years have not varied significantly.

QUESTION:

How many additional satellites will you procure under the current contract?

ANSWER:

The current contract is for the purchase of five satellites. After the GOES-I satellite, there will be four more satellites purchased (GOES J, K, L, and M).

QUESTION

You are asking for a program increase of $17.4 million for the GOES program. What is the reason for the increase? How much is in the base funding for this aspect of the program?

ANSWER:

The FY 1995 request for the Geostationary System is $14.3 million more than the FY 1994 appropriation (which presumed use of $54 million of the unobligated balance of the GOES Contingency Fund. This requirement has since been reduced to $47 million). The changes break down as follows:

	FY 94 Approp.	**FY 95 President's Budget**	**Change**
GOES I-M Spacecraft	$79,110	$82,483	+$3,373
Launch Services	35,490	41,200	+5,710
Ground System	9,146	7,279	-1,867
Product Dev./Val.		2,600	+2,600
Data Management		1,000	+1,000
GOES Follow-on		3,485	+3,485
	$123,746	$138,047	+$14,301

GOES I-M Spacecraft

The FY 1995 President's Budget includes funding required to continue production of GOES I-M spacecraft and instruments.

Launch Services

This item funds the launch vehicles and launch services for the GOES I-M program.

Ground System

Funding is included for hardware/software modifications based upon GOES I performance to the GOES I-M ground system.

Product Development/Validation

Funding is included for algorithm development and software maintenance associated with NOAA developed products from the new instrumentation capability of the GOES I-M system.

Data Management

System funds are required to provide near on-line user services, to update data systems to handle increasing level of available data, and to archive polar system data.

GOES Follow-on

Funds are included in the FY 1995 request to begin definition and Phase A studies for the post GOES-M program which must commence to avoid the possibility of a gap in service.

QUESTION:

You are also asking for additional funds ($1.5 million) for GOES product development. What types of products will NOAA develop, and how does this proposal compare to existing data products available from the geostationary satellite program? Who are the users of these products?

ANSWER:

In support of severe weather monitoring, NOAA is developing products from the GOES I-M imager in five spectral bands to delineate areas of atmospheric instability and increased moisture. From the GOES I-M sounder, NOAA is deriving vertical profiles of atmospheric temperature and moisture every hour in order to improve numerical weather forecasting over the continental United States. These soundings (the first ever operational from geostationary orbit) will provide better accuracy and coverage in areas and times not covered by traditional ground-based weather observations.

An important new product that has been developed specifically for the National Weather Service Modernization Program is the hourly GOES I-M high clouds map. This complements the Automated Surface Observing System cloud detection which cannot see above 12,000 feet with its ground based observations.

To improve hurricane trajectory estimation, the sounder will also be used to develop quality thermal gradient winds in the vicinity of tropical disturbances. These are crucial to the numerical weather prediction models in hurricane situations.

In comparison to the existing data products, the new products will show considerably more detail with better infrared resolution, more visible sampling, better signal-to-noise, and higher signal discrimination. Cloud features in storm systems will be more clearly displayed. The estimation of atmospheric motion from cloud-drift winds will be enhanced. Fog detection at night will be more timely.

The National Weather Service is the primary user relying on the geostationary imaging and sounding capabilities to supplement the remainder of the modernized weather observing system in regions where information is sparse or untimely. The constant surveillance from the improved GOES is a large part of the expanded NWS capabilities of this decade.

Weather Service Modernization

QUESTION:

What is the current status of the entire weather service modernization proposal, and how much is included in this request for modernization activities? How does this compare to the initial plans for the modernization efforts?

ANSWER:

The NWS modernization is progressing on schedule. The modernization budget will reach peak in the FY 1994 and FY 1995 timeframe. Currently, NEXRAD units are being fielded four systems per month. Within MARDI, over 600 new positions will be filled in FY 1994. By the end of FY 1994:

- 73 (of 116) NEXRAD units will have been delivered and 73 WFOs will have achieved Stage I staffing;
- 183 (of 245) NWS ASOS units will be installed;
- 74 (out of 117) WFOs will be built/leased;
- GOES-I will be launched;
- Detailed design activities of AWIPS/NOAAPORT will be underway.

A total of $437.4 million is requested in FY 1995 to continue NWS modernization activities. The $437.4 million includes the following: MARDI ($120.5 million); WFO facilities ($18.3 million); Class VII ($13.9 million); AWIPS ($49.6 million); ASOS ($17.5 million); NEXRAD ($79.6 million); and GOES I-M ($138.0 million). The FY 1995 request of $437.4 million is a decrease of $13.8 million from the FY 1994 appropriation.

The FY 1995 President's Budget is consistent with the original strategic plan adopted in 1989.

QUESTION:

What is the status of the certification of new weather offices so that existing offices can be closed?

ANSWER:

Title VII of Public Law 102-567, the Weather Service Modernization Act, does not require the certification of "new weather offices." The Act requires that the Secretary of Commerce certify that weather services will not be degraded before a field office (old office) is closed, consolidated, automated or relocated.

Before any certification could occur the Act required the Secretary to contract with the National Research Council to report on the modernization criteria which will be employed to certify "old offices," and establish the Modernization Transition Committee to consult with the Secretary on the modernization criteria. The report and consultation have been completed. Final modernization criteria for commissioning and decommissioning, evaluating staffing needs, and relocation and consolidation certifications were published in the Federal Register on March 2, 1994.

The National Weather Service (NWS) published the proposed relocation certification for the San Francisco Bay Area Weather Service Forecast Office for public comment in the Federal Register on March 28, 1994. After meeting in Redwood City and Monterey, California, the Modernization Transition Committee found that no degradation of service would occur as a result of the relocation and therefore decided that no report was required on this proposed relocation certification. Actions to begin consolidation certifications are expected this summer.

Work is still in progress to establish final modernization criteria for automation and closure. These criteria must be finalized before automation and closures certifications can occur.

QUESTION:

Will you be closing or downsizing any weather stations in FY 1995? If so, provide details for the record.

ANSWER:

Title VII of Public Law 102-567, the Weather Service Modernization Act, states that no field office may be closed before January 1, 1996. The Fiscal Year 1995 National Implementation Plan, which was recently signed by the Secretary and sent to Congress, provides the details on this matter.

During the process of accomplishing the transition to the modernized and restructured NWS, vacancies will occur at the old offices as employees bid on and are accepted for jobs in the new offices. Although NWS will make every reasonable effort to cover these vacancies through overtime, details, etc. some reduction in hours of operation at old offices may be unavoidable. NWS will keep members of Congress advised should this eventuality arise.

QUESTION:

When will the entire modernization efforts be completed, and what do you anticipate the overall annual costs of operating the weather service will be once new systems are in place? Will there be continuing systems costs after the modernization is "completed"?

ANSWER:

In the narrow sense, "modernization efforts" can be thought of as the efforts that are currently underway and are necessary for achieving the office structure and staffing goals targeted in the Strategic Plan. In this narrow sense, the modernization will be complete when the key observing systems (GOES, ASOS, and NEXRAD) and the data handling systems (Central Computing Facility and AWIPS) are implemented with the levels of functionality specified for supporting restructured operations and services and the accompanying training and facilities work is done. The pacing item in this record is the nationwide implementation of the full functionality required in AWIPS, which is currently targeted for April 1998. Recurring costs, commencing in FY 1999, for the aforementioned systems, excluding GOES, are difficult to project at this time.

On the other hand, in broad terms, "modernization" could be viewed as an ongoing effort aimed at avoiding the recurrence of being faced with the kind of scientific and technological obsolescence that gives rise to large initiatives for massive equipment replacement and retraining of the work force. There will continue to be "system costs" associated with 1) avoiding technological obsolescence, and 2) incorporating technological and scientific advances that are demonstrated to provide cost-effective improvements to the NWS operations and services.

Polar Satellite Program

QUESTION:

What is the total amount included in this request for NOAA's polar orbiting satellite program? What is included in the $20.4 million increase for this proposal?

ANSWER:

The FY 1995 budget includes a total of $159.1 million for the NOAA polar-orbiting satellite system. The following table provides a breakout of the changes included in the FY 1995 President's Budget for the Polar Orbiting System:

	FY 94 Approp.	FY 95 President's Budget	Change
NOAA A-J Spacecraft	$5,000	$0	-$5,000
NOAA A-J Launching	12,800	0	-12,800
NOAA KLM Spacecraft	36,913	36,014	-899
NOAA KLM Launching	10,877	2,850	-8,027
Ground Systems	5,000	5,000	----
NOAA N&N' Spacecraft	48,933	75,649	+26,716
METOP Instruments	13,577	26,465	+12,888
Polar Follow-on	5,900	11,400	+5,500
Polar Data Management	-----	1,700	+1,700
	$139,000	$159,078	+20,078

NOAA A-J - The last spacecraft of the NOAA A-J series will be launched in late FY 1994. No funds will be required in FY 1995.

NOAA KLM - The FY 1995 President's Budget includes funding required to continue production of NOAA KLM spacecraft, instruments and launch vehicles

NOAA N&N' - All elements of the NOAA N and N' spacecraft procurements will be under contract by mid-FY 1994. Funding is required in FY 1995 to continue the spacecraft and instrument contracts to meet a CY 1999 need date for NOAA-N.

METOP Instruments - The instruments required for integration on the European METOP satellite must be provided two years prior to the planned CY 2000 launch. Engineering model instruments must be delivered to Europe by December, 1997.

Polar Follow-on - Funding is required to complete system definition and early instrument development for the converged Polar follow-on system. In FY 1995, NOAA must be ready to award contracts for the spacecraft, instruments and ground system to assure polar system continuity.

Data Management - System funds are required to provide near on-line user services, to update data systems to handle increasing level of available data, and to archive polar system data.

QUESTION:

What assumptions does this budget make about the costs associated with launching the polar satellites?

ANSWER:

NOAA J will be launched on an Atlas-E launch vehicle. NOAA K through N' will be launched on Titan II's. The request assumes that NOAA -J will be launched at the end of FY 1994 and that no funds will be required in FY 1995 for the Atlas launch facilities at Vandenberg Air Force Base.

QUESTION:

What are the savings to be derived from the transfer of the morning polar orbiter to the Europeans by the year 2000, and what risks are associated with this transfer? Can we be certain that the Europeans will provide adequate financial support for the satellite?

ANSWER:

The Europeans are to provide spacecraft buses, integrate sensors, launch, command, and control the morning polar satellite at an estimated incremental savings of approximately $100 million for every satellite the United States does not have to launch.

European plans do not currently include a backup satellite should there be a launch failure or premature failure of critical sensors. Such failures would result in unacceptable data gaps should there be no U.S. capability to launch a replacement satellite. NOAA is addressing this issue as part of its negotiations with the EUMETSAT (European equivalent of NOAA).

Full European funding of an estimated $1.3 billion for construction of these satellites through launch and operations is expected in late 1994. Recent European decisions approving the plan for the morning polar orbiters indicate their strong resolve to cooperate with NOAA. The European program includes multi-year funding for each phase of the plan's implementation. Europe has funded the first phase (preparatory program) of the European operational program (METOP 1 and 2) for $70 million. This phased multi-year approach is standard European procedure for programs moving from development to an operational activity as evidenced by their now operational METEOSAT geostationary meteorological satellite program. European approval of the long-term plan and preparatory program indicates a high level of commitment to this program.

QUESTION:

What (if anything) is requested in this budget for the development costs of the next generation of polar satellites? Are funds being requested for this purpose by NASA and/or DOD?

ANSWER:

The FY 1995 budget includes a total of $11.4 million for follow-on polar satellites beyond NOAA N'. DOD has requested funding for its DMSP follow-on program (Block 6) and NASA has funding in its EOS polar satellite program. These "separate" baseline activities likely will be impacted to some extent by the NPR recommendation to merge the programs into a single National program.

GOES Contingency Fund

QUESTION:

What are the remaining balances in the GOES Contingency Fund? Do you anticipate using these funds in FY 1994? If so, for what purposes?

ANSWER:

The GOES Contingency had an unobligated balance of $71,940,000 as of the end on FY 1993. A reprogramming notification was recently transmitted to Congress requesting $10.390 million to continue METEOSAT operations through FY 1995 and to fund Non_GOES elements associated with the No-GOES plan. A further reprogramming to cover the GOES I-M funding shortfall ($47 million) is being considered within the Administration at this time.

QUESTION:

Do you support the concept of a satellite contingency fund for NOAA? What contingency plans exist should there be a failure of the next GOES satellite, and how will any contingencies be funded?

ANSWER:

Budgeting should be handled by normal processes acknowledging the need for normal contingency requirements within the program. There were both technical and management problems in this program which led to extraordinary uncertainties with respect to a successful programmatic outcome. The creation of the GOES contingency fund provided management flexibility which allowed NOAA to make programmatic decisions of extreme consequence. Beginning with the launch of GOES-I in April 1994, the nominal program calls for spacecraft to be delivered on 1 year centers with the capability to call up a launch, if needed, before the planned date if we suffer a premature failure.

Building Sustainable U.S. Fisheries

QUESTION:

You are requesting program increases totalling $15.7 million for assessing the status of fisheries resources. What is the reason for the increase in emphasis on fisheries in FY 1995?

ANSWER:

The $15.7 million change proposed for FY 1995 is a net of $22.7 million in proposed increases and $7 million in proposed decreases. The proposed decreases do not support statutory requirements or directly contribute to the goals of the NOAA Strategic Plan.

The proposed increases reflect the need to address major problems in the management of our Nation's fishery resources--problems that, if adequately addressed, will result in billions of dollars in potential economic growth, hundreds of thousands of new jobs, countless recreational fishing opportunities, and potential reductions in the Nation's multi-billion dollar trade deficit in fishery products that currently are being foregone as a result of overfishing and overcapitalization. To reverse this trend, NOAA must accurately determine the status of all species under Federal management. Of the 232 species assessed recently by NMFS, the status of stocks for 34 percent is unknown. Even for species where the status is known, the information is often imprecise, and potential benefits are lost because of poor or absent data on both biological and socio-economic conditions. To reverse the trend in overutilization of U.S. fisheries, sound, comprehensive scientific information is needed to focus policy decisions, rather than allowing scientific uncertainty to fuel controversy and confusion. Many of the problems that plague fisheries are related to the tradition of uncontrolled participation in most U.S. fisheries. Uncertainty in scientific information fuels arguments that controlling participation or limiting harvests is unnecessary.

Therefore, NOAA must address the serious problem of inadequate information on the condition of fishery resources. The increase will provide data and information needed by the Fishery Management Councils and the Secretary for equitable and legally sound regulatory decisions and so that existing fishery management plans can be properly implemented (e.g., New England Groundfish and scallops plan amendments, west coast groundfish controlled access, Atlantic and Gulf of Mexico migratory pelagics (bluefin tuna, sharks, billfish, other tunas)). By ensuring adequate information on the condition of fishery resources, NOAA will be able to provide the necessary scientific basis for policy options for rebuilding the Nation's fisheries. The major actions required to ensure adequate information are: (a) collecting and managing commercial and recreational fisheries data; (b) conducting at-sea observer data collection; (c) conducting resource surveys; (d) conducting population biology studies; (e) conducting analyses and modeling of fish stocks; and, (f) advancing data management technology including completing the modernization of an integrated NMFS computer system.

QUESTION:

Included in the request are significant increases for commercial and recreational fisheries harvest data. How will this data be collected, and what is the purpose of gathering the data? Are you planning to target specific geographic areas with these increases?

ANSWER:

The increase for commercial and recreational fisheries harvest data is part of the overall increase for assessing the status of fishery resources, described above. Specifically the increase will be used to fill major commercial and recreational fishery gaps in the fishery dependent statistics program needed to perform fishery management, stock assessment and economic impact analyses. The current absence of critical biological, economic and social data make policy decisions and regulatory impact analyses extremely difficult, and results in conservative fishery management decisions to avoid placing the fishery resources at high risk due to data uncertainty. For example, annual levels of harvest may be set lower than need be for sustainable yield because existing landings statistics systems cannot provide data quickly enough to close fisheries before quotas are exceeded. In the economics data area, modeling and monitoring the economic consequences of allocations between user groups (e.g., commercial vs. recreational) are currently only rudimentary in nature because of data shortcomings; in some cases even an accurate count of participants affected by a regulation is missing. Thus, NOAA's ability to formulate and implement public policy with a clear understanding of its implications is seriously compromised.

North Atlantic Fishery Project

QUESTION:

You are requesting an increase of $2 million for the North Atlantic Fishery project to address the current crisis in the Northeast fisheries. What will be the total amount devoted to the effort in FY 1995?

ANSWER:

The initial FY 1995 budget request totals $3.5 million for NOAA's North Atlantic Reinvestment Program (a $2 million increase over the FY 1994 level of $1.5 million). Additional funding for implementation of amendments 4 and 5 for enforcement activities in the northeast are also part of the overall FY 1995 request for Building Sustainable U.S. Fisheries. In FY 1994, a $1.5 million fisheries reinvestment program was initiated to provide community strategy and planning grants for development of underutilized fish species, aquaculture, and other economic opportunities. In addition, the Administration has announced a $30 million (EDA $18 million and NOAA - $12 million) assistance package to address the collapse of Northeast fisheries.

QUESTION:

The Economic Development Administration (EDA) has also indicated an involvement with this proposal. Could you tell us more about the EDA initiative and how it relates to your proposal?

ANSWER:

The $18 million increase for EDA is requested to support EDA activities to help address the crisis in our northeast fisheries. This EDA funding will be used to support debt restructuring and conversion of affected businesses and to develop alternative economic activities. Thus, this funding complements the NOAA request.

Controlled Access Regimes

QUESTION:

What is the total amount requested in FY 1995 for implementation and enforcement of controlled access regimes for fisheries? What is the current status of the development of these regimes?

ANSWER:

The FY 1995 budget includes a major increase to support the building of sustainable fisheries, a major component of which is the implementation and enforcement of controlled access regimes as they are approved by the regional fisheries management councils. The specific costs for implementing and enforcing these regimes will depend on the specific final actions taken by the councils. A chart summarizing the current status of limited entry/controlled access plans is provided below.

LIMITED ENTRY MANAGEMENT STATUS
AS OF MARCH 23, 1994

FISHERY OR FMP IN PLACE	
N.E. Groundfish	**COUNCIL:** NEFM**CTYPE:** License Moratorium
COMMENTS:	Fishing and permit history is presumed to transfer with the vessel. Consolidation of fishing access privileges prohibited.
Sea Scallops	**COUNCIL:** NEFM**CTYPE:** License Moratorium
COMMENTS:	Fishing and permit history is presumed to transfer with the vessel. Consolidation of fishing access privileges prohibited.
Summer Flounder	**COUNCIL:** MAFM**CTYPE:** License Moratorium
COMMENTS:	Approved 8/6/92. Council will consider ITQ program in the future when more data becomes available through required logbooks.
Surf Clams/Quahog	**COUNCIL:** MAFM**CTYPE:** ITQ
COMMENTS:	Implemented 9/91.
Wreckfish	**COUNCIL:** SAFM**CTYPE:** ITQ
COMMENTS:	Implemented 4/92.
Spiny Lobster	**COUNCIL:** GGMFM**CTYPE:** Other
COMMENTS:	A trap reduction plan. No new trap certificates would be issued.
	COUNCIL: SAFM**CTYPE:** Other
COMMENTS:	Existing certificates would be reduced by 10%/yr. Trap certificates are transferable. The Council's actions parallel state of Florida management actions.

Gulf Reef Fish **COMMENTS:**	**COUNCIL: GMFMCTYPE:** License Moratorium Permit moratorium for reef fish fishery until 5/95; permit moratorium on fish traps until 2/7/97; red snapper permit endorsement program limits number of directed red snapper fishermen through 1994. Licenses (permits) are transferable with vessel. Council considering extending these moratoria until a comprehensive limited access program is developed (scheduled for 1/96).
W. Pacific Bottomfish **COMMENTS:**	**COUNCIL: WPFMCTYPE:** License Limitation No transfer allowed. Limited entry applies only to the N.W.H. Isls. Rest is being considered for inclusion, as is license. transfer.
W. Pacific Pelagics **COMMENTS:**	**COUNCIL: WPFMCTYPE:** License Moratorium Applies only to Hawaii and is in effect till 4/94. One transfer of license allowed. New program to be developed by 4/94
W. Pac. Crustaceans **COMMENTS:**	**COUNCIL: WPFMCTYPE:** License Limitation Limited entry applies only to the N.W. Hawaiian Islands. Vessel permits transferable. ITQ program is being considered.

FISHERY OR FMP COUNCIL APPROVED

GOA Groundfish **COMMENTS:**	**COUNCIL: NPFMCTYPE:** License Moratorium A license moratorium limited entry program will be put into place in 1994 while an ITQ program is being developed.
BSAI Groundfish **COMMENTS:**	**COUNCIL: NPFMCTYPE:** License Moratorium A license moratorium limited entry program will be put into place in 1994 while an ITQ program is being developed.
King & Tanner Crab **COMMENTS:**	**COUNCIL: NPFMCTYPE:** License Moratorium A license moratorium limited entry program will be put into place in 1994 while an ITQ program is being developed.

W. Pacific Pelagics
COMMENTS:
COUNCIL: NPFMC**TYPE:** License Limitation Program for the pelagic longline fishery based in Hawaii to replace moratorium on new entry. Licenses (permits) will be transferrable. Future management actions frameworked.

Mackerel/Squid/ Butter
COMMENTS:
COUNCIL: MAFMC **TYPE:** Undetermined Council approved development of a control date to be established for participation in fisheries

American Lobster
COMMENTS:
COUNCIL: NEFMC**TYPE:** License Moratorium Moratorium will extend over 5 years. Fishing and permit history presumed to transfer with vessel.

FISHERY OR FMP BEING CONSIDERED

Swordfish
COMMENTS:
COUNCIL: NMFS **TYPE:** Undetermined Type of limited entry has not been determined at this time. Program would be in line with NMFS policy to promote free market allocation.

Coastal Pelagics
COMMENTS:
COUNCIL: PFMC **TYPE:** Undetermined Type of limited entry has not been determined at this time.

Halibut
COMMENTS:
COUNCIL: PFMC **TYPE:** ITQ, IQ The council has not determined type of individual quota program they will develop.

Pacific Groundfish
COMMENTS:
COUNCIL: PFMC **TYPE:** ITQ Council considering individual quota system for fixed-gear

Gulf Reef Fish
COMMENTS:
COUNCIL: GMFMC**TYPE:** ITQ Council developing comprehensive red snapper limited access system (license limitation or ITQ) for implementation 1/96.

Stone Crab
COMMENTS:
COUNCIL: GMFMC**TYPE:** Other Limited entry program would be designed to compliment Florida's limited entry program currently under development; would apply to Florida west coast.

Snapper/Grouper **COMMENTS:**	**COUNCIL:** SAFMC**TYPE:** Undetermined Snapper/Grouper complex offshore. Type of limited entry system not determined at time.
Snapper/Grouper **COMMENTS:**	**COUNCIL:** SAFMC**TYPE:** Undetermined Snapper/Grouper shallow water complex. Type of limited entry system not determined at this time.
Snapper/Grouper **COMMENTS:**	**COUNCIL:** SAFMC**TYPE:** ITQ Snapper/Grouper inshore complex.
Amberjack **COMMENTS:**	**COUNCIL:** SAFMC**TYPE:** Undetermined Being developed under the Snapper/Grouper FMP. Type of limited entry program not determined at this time.
Coastal Pelagics **COMMENTS:**	**COUNCIL:** GMFMC, SAFMC**TYPE:** ITQ Control date established 7/2/93. Council considering ITQ program for At. group spanish mackerel off Florida east coast.
Rock Shrimp **COMMENTS:**	**COUNCIL:** SAFMC**TYPE:** Undetermined Type of limited entry program not determined at this time. Control date established in early 1994.
S.At. Spanish Mackerel **COMMENTS:**	**COUNCIL:** SAFMC**TYPE:** Undetermined Type of limited entry program not determined at this time.
Caribbean Spiny Lobster **COMMENTS:**	**COUNCIL:** CFMC **TYPE:** Undetermined Type of limited entry program has not been determined at this time.
Caribbean Reef Fish **COMMENTS:**	**COUNCIL:** CFMC **TYPE:** Undetermined Type of limited entry program has not been determined at this time; would apply to non-aquarium trade species.
Queen Conch **COMMENTS:**	**COUNCIL:** CFMC **TYPE:** Undetermined Type of limited entry program has not been determined at this time.
Scup and Seabass	**COUNCIL:** MAFMC**TYPE:** License Moratorium
Gulf Red Drum **COMMENTS:**	**COUNCIL:** GMFMC**TYPE:** Undetermined Type of limited entry program not determined at this time.

Gulf Reef Fish	**COUNCIL:** GMFMC**TYPE:** Undetermined
COMMENTS:	Type of limited entry program not determined at this time. Would apply to FMP management unit species other than red snapper.
Alaska Scallop	**COUNCIL:** NPFMC**TYPE:** License Moratorium
COMMENTS:	Control date established by Council while considering an FMP that would include a vessel moratorium.

QUESTION:

Please explain to the Committee the concept of controlled access to fisheries--how are these plans being developed? What assumptions are made in this budget request about implementation of controlled access plans?

ANSWER:

Many of the problems that plague fisheries are related to the tradition of uncontrolled participation in fisheries (i.e. open access), resulting in serious overcapitalization, exemplified by more and more vessels racing to catch fewer and fewer fish. Attempts to limit the catch in the short term are met with stiff opposition because an economically unhealthy fishing industry cannot afford to temporarily cut back its catch. But cutting back is the prescription for both economic and ecological health in the long-term. Uncertainty in scientific information fuels arguments that cutting back is unnecessary. When faced with opposition from the fishing industry and uncertain information, it has been common for fishery managers to make risk-prone decisions, which eventually lead to disastrous economic, social and ecological consequences. More and more vessels racing to catch fewer fish also makes fishing more hazardous, and bycatch and allocation decisions are also more problematic.

A major component of the solution to these problems lies in conversion from open access to controlled access. NOAA and the Fishery Management Councils share responsibility for fisheries management. It is the specific responsibility of the Councils to initiate and develop fishery management plans (FMPs). Over the last few years, the Councils have shown increasing interest in controlled access fisheries management. At present, all eight Councils are considering some form of access control management. The President's FY 1995 budget request provides needed funds to assist in the development and implementation of these new FMPs.

Aquaculture

QUESTION:

You are requesting an increase of $1.1 million to "stimulate development of the U.S. Aquaculture industry". How specifically will these funds requested by NOAA be used?

ANSWER:

NOAA proposes to conduct a series of focused research projects to address the specific impediments to aquaculture and stock enhancement in the U.S.. These impediments to the development of marine aquaculture and stock enhancement techniques in the U.S. primarily are: the relatively high costs of land, labor and capital in the U.S.; the disorganized and relatively small-scale nature of U.S. firms, which are thus prevented from making the large investments required to develop aquaculture technologies; concerns about the possible negative environmental impacts of aquaculture; and, conflicts related to competing uses of coastal land and waters. The focus of NOAA's research projects will be based on the recent National Research Council report, titled, "Marine Aquaculture -- Opportunities for Growth". The primary NOAA/NMFS facilities that will participate in these studies are in Milford, CT; Galveston, TX; Auke Bay, AK; and Seattle, WA.

QUESTION:

Please provide for the record a summary of the total amount of Federal funding devoted to the development of aquaculture by agency in FY 1994 and FY 1995.

ANSWER:

The table below provides the level of Federal funding across all agencies for the development of aquaculture.

(Dollar amounts in Millions)

	1994	1995
NOAA	$6.0	$5.8
Department of Agriculture	27.0	18.1
Fish & Wildlife Service	40.9	39.6

The 1995 Department of Agriculture request does not include special research grants which are directed by Congress.

QUESTION:

Some of the specific programs proposed for elimination in your budget were targeted toward aquaculture development. How will you accommodate these items within this requested increase for aquaculture?

ANSWER:

The aquaculture element of the Build Sustainable U.S. Fisheries initiative proposes a net change from FY 1995 of -$10.5 million. This reflects a proposed increase of $1.1 million to accelerate aquaculture growth by addressing issues of impediments to aquaculture and stock enhancement including environmental impacts and diseases. Decreases totalling $11.6 million are also proposed to transfer the funding source for the Columbia River hatcheries ($10.3 million) to the Bonneville Power Administration, terminate NOAA support for the Fish and Wildlife Service's catfish farm in Arkansas, and terminate funding to the Oceanic Institute in Hawaii for mahi mahi export strategies. The Columbia River hatcheries would be maintained by having the Bonneville Power Administration transfer funds to NOAA for hatchery support. The other two programs do not support NOAA statutory or Strategic Plan goals.

QUESTION:

You are proposing to eliminate the funding for the National Coastal R&D Institute in Oregon. Much of their work is in the area of aquaculture -- will this increase provide for the same type of activities?

ANSWER:

No. The National Coastal R&D Institute (NCRI), supports the development of private industry in coastal areas particularly in the area of pilot scale operations. The National Sea Grant College Program supports the research that leads to the pilot scale studies but does not directly support private operations.

Recover Protected Species

QUESTION:

What is the total amount requested in FY 1995 related to the Marine Mammal Protection Act? Will the reauthorization of that legislation impose any new or expanded duties on NOAA? Is the request adequate to address those requirements?

ANSWER:

Approximately $30.1 million is related to the Marine Mammal Protection Act. The 1994 amendments to the Marine Mammal Protection Act will greatly increase NOAA's administrative and operational roles. Beyond the normal administrative burden required to develop and implement regulations required under a major management regime, the amendments would require expanded stock assessment and bycatch monitoring programs. An expansion of research into methods to reduce bycatch of marine mammals in fishing operations will also be required for certain fisheries to meet the legislative mandate to achieve insignificant (approaching zero) rates of mortality and serious injury of marine mammals incidental to fishing operations.

The amendments also require NOAA to establish and support several advisory groups, including two or more scientific review groups, incidental take reduction teams, and pinniped interaction task forces, as well as convening workshops to address issues in ecosystem protection and managing California sea lion and Pacific harbor seal populations along the western coast of the U.S. These advisory groups and workshops will require staff and financial support to be productive.

The FY 1995 budget request is adequate to support the early stages of developing and implementing the new management regime, including advisory groups and workshops. Each of these efforts, however, will recommend that additional field work be conducted. As programs under the new management regime mature beyond FY 1995, additional funds will be required to meet those elements of research and management programs identified as high priority.

QUESTION:

You are requesting an increase of $2 million for research on the interactions between marine mammals and commercially important fish species. What is the total amount requested in your budget for this program? How are these efforts coordinated with the Marine Mammal Commission?

The total amount requested for research on the interactions between marine mammals and commercially important fish species is $7.2 million. NOAA's efforts will be coordinated with the Marine Mammal Commission on at least two levels. First, as directed in draft legislation, NOAA will consult with the Commission in establishing a Pinniped Interaction Task Force to advise the Secretary on management practices regarding seals and sea lions interacting in a dangerous or damaging manner with fishery stocks. Second, the Commission will be an integral part of the review of proposals for research and management activities to address issues identified by the task force. Such a practice is consistent with the current procedures for awarding funding to NMFS Fishery Science Centers for assessments of marine mammal populations. In addition to these two methods of coordination with the Commission, NOAA anticipates inviting the Commission to appoint a representative to the Pinniped Interaction Task Force and any sub-committees to that advisory group.

QUESTION:

What is the total amount being requested under this budget for the requirements of the Endangered Species Act?

ANSWER:

Approximately $22.4 million of the FY 1995 President's Request for NOAA is requested to address requirements under the Endangered Species Act.

QUESTION:

The Commerce Budget in Brief states that the increase related to implementation of ESA conservation and recovery plans will place an emphasis on salmon species in the Pacific Northwest and reducing the backlog. What is the current backlog of implementation plans?

ANSWER:

Thirty marine species are listed under the ESA as threatened or endangered, and two species of marine mammals are determined to be depleted. We have yet to develop recovery plans for 24 of the ESA-listed species and conservation plans for one of the depleted species of marine mammals. Only three recovery plans are currently being implemented.

Non-Point Pollution

QUESTION:

What is the total amount requested in the FY 1995 budget for the non-point pollution control program (Section 6217)? Will this request allow you to meet the requirements of Section 6217 of the Coastal Zone Management Act?

ANSWER:

The amount requested for the non-point pollution control program (section 6217) in FY 1995 is $4,000,000. States are required to develop and submit coastal non-point programs to NOAA and EPA by the fall of 1995. Failure to do so will result in a loss of a portion of their funding under both section 306 of the CZM Act and section 319 of the Clean Water Act. The development of these coastal non-point programs requires a significant effort in data analysis and assessment, interagency coordination, research, monitoring, enforcement, technical assistance and public information and outreach. These funds will assist states in continuing these efforts.

Coastal Ocean Science

QUESTION:

What is included in this request for the Coastal Ocean Science activity? Where in the revised budget structure does this activity show up?

ANSWER:

NOAA's budget request for FY 1995 includes $11,433,000 for continued support of its crosscutting Coastal Ocean Science Program's efforts to improve predictions and information delivery across NOAA's broad coastal missions. The FY 1995 request includes support for Coastal Ocean Science Program efforts to:

- improve predictions of extreme coastal weather and ocean conditions (e.g., storm surge, Nor'easters, tsunamis) under Advance Short-Term Forecast and Warning ($1,568,000);
- improve our understanding of the factors that influence fisheries productivity through ecosystem studies of important fisheries (e.g., Bering Sea pollock, Georges Bank groundfish, South Atlantic menhaden) under Build Sustainable U.S. Fisheries ($2,457,000); and
- improve our understanding of the factors that impact coastal environmental quality (e.g., toxic chemicals, nonpoint source pollution, habitat change) under Coastal Ecosystems Health ($7,408,000).

Marine Sanctuary Program

QUESTION:

What amount are you requesting for the National Marine Sanctuary program?

ANSWER:

The President's request for the National Marine Sanctuary program in FY 1995 is $12,000,000.

QUESTION:

Is the amount requested sufficient to manage all current marine sanctuaries, as well as those proposed for designation?

ANSWER:

NOAA will be able to begin operations at all designated National Marine Sanctuaries and focus on an ecosystem management oriented approach to protection of sanctuary resources. Priority will be given to ensuring that all sites have enforcement, education and research programs. Work will commence towards designation of the Thunder Bay NMS by the summer of 1995, continue on the designation process of Northwest Straits NMS for final designation in 1996, and begin operations of the newly designated Humpback Whale NMS.

QUESTION:

Do you expect any new sanctuaries to be designated in FY 1995?

ANSWER:

NOAA expects the proposed Thunder Bay National Marine Sanctuary to be designated in FY 1995.

High Performance Computing

QUESTION:

You are again requesting an increase for High Performance Computing. What exactly is NOAA's role in this Federal initiative, and how will these funds be used?

ANSWER:

In FY 1995, NOAA will take advantage of leading edge information technology as a part of the Federal High Performance Computing and Communications program to use high performance computing and high speed networking to perform its mission better and to disseminate massive amounts of NOAA data and information to all users as part of the evolving National Information Infrastructure. NOAA will be supporting its mission and, at the same time, contributing to the goals of the Federal HPCC Program as a partner with the agencies who sponsor the relevant computer science research. Specifically:

- o In advanced computation, NOAA will acquire a major upgrade of its high performance computing system at the Geophysical Fluid Dynamics Laboratory. This much needed upgrade of GFDL's computational facility, which is now completely saturated with the current workload, will enable NOAA's research computer modelers to achieve major improvements in global change, ocean, and weather modeling. GFDL is the nation's premier laboratory for development and testing of these advanced environmental models, and this additional computational capacity is essential to be able to incorporate higher resolution and improved physics that will enable these models to better represent real world conditions, resulting in more accurate and reliable predictions.

  NOAA will not only achieve immediate programmatic benefits in this arena, but will gain essential hands on experience with highly parallel computing system, including the adaptation of NOAA's computer models that run effectively on such systems. This will position NOAA to take advantage in the future of greatly reduced cost per unit computations through use of highly parallel computing for both research and operational modeling. NOAA will also develop advanced visualization software necessary to observe and evaluate the output from advanced, parallel environmental models.

- In network connectivity, NOAA will connect its National Data Centers and centers of data, and thus access to their vast environmental holdings, to the Internet through high capacity hardware and software connections that will enable hundreds of thousands of users in the private sector, in the educational community, and in government and research, to obtain more timely and complete access to a significant part of NOAA's holdings of environmental data and information. The necessary communications links and supporting communications and computing equipment will be acquired along with supporting software to put into place the key links in the initial implementation of the NII. The most advanced network data access and navigation tools and techniques will be employed to take advantage of the multi-media, integrating nature of this advanced network to support NOAA's delivery of its data and information products. Advanced, prototype data servers will be employed as a part of this network connection to meet the demand for access to NOAA data. This demand is expected to grow exponentially, as is the volume of data and information for which NOAA is responsible, based on preliminary testing already conducted with small amounts of NOAA data being made available through the Internet.

- As a part of the Government-wide effort to demonstrate innovative ways in which the NII can be used to deliver government information through the Internet, NOAA will develop a critical pilot application that will enable a user to access NOAA environmental data that is distributed among NOAA data centers in an integrated way. This integrated access to multiple data centers will be set up in such a way that it is transparent to the user, who will be able to focus on the content of the retrieval request and the content of the returned information, rather than on the details of how the computer and networking systems distribute that request across the country and combine the results of the query into a coordinated response for presentation at the user's workstation.

QUESTION:

How will NOAA interact with the FEDWORLD system funded under the Technology Administration (NTIS)?

ANSWER:

NOAA will employ the NTIS FEDWORLD system for dissemination of its technical reports and similar documents. Some other NOAA administrative information may also be appropriate for bulk dissemination through FEDWORLD. However, the bulk of NOAA's dissemination of environmental data and information will be performed directly by NOAA through the Internet and other means, working with both end users and intermediaries, so that the integrity of the information delivered is fully supported and so that knowledgeable NOAA staff are directly involved with assuring that user needs are being fully satisfied.

The nature of the massive amounts of NOAA information to be distributed in this way is much more complex, involving large data sets and metadata descriptions of the measurement or modeling conditions under which the data were generated, and substantive combination of data from multiple data sets, that it is essential to have disciplinary specialists working side by side with computer-knowledgeable staff in the information dissemination process.

National Undersea Research Program (NURP)

QUESTION:

You are again proposing to eliminate the Undersea Research program in the FY 1995 request. Why does NOAA not consider undersea research to be part of its mandate?

ANSWER:

NURP is considered by NOAA to be a good research program, however, it is of lower priority versus other programs which support NOAA's primary missions.

QUESTION:

What specific programs will be eliminated under this proposal? Will any headquarters funding be maintained for undersea research?

ANSWER:

Research program areas that are to be eliminated include: ecosystem health, coastal processes, fish resources, marine minerals, undersea technology, and diving safety and physiology. There will be no headquarters funding maintained for undersea research.

QUESTION:

Please provide for the record a breakout of the FY 1994 NURP funding by Center and headquarters activity. What are the estimated FY 1995 costs for these activities?

ANSWER:

The omnibus grant awards to the six Centers are as follows:

(Dollar amounts in thousands)

University of Connecticut, Avery Point	$2,600
University of North Carolina	$3,875
University of Alaska	$1,300
University of Hawaii	$3,372
Caribbean Marine Research Center	$2,200
Rutgers University	$1,800

The National Office funds that will be spent on regional projects include:

ALVIN	$ 638
TURTLE	$ 200
NR-1	$ 250
Diving Safety & Physiology Projects	$ 350
Undersea Technology Projects	$ 150
The National Office administration costs:	$1,365

There are no funds estimated in FY 1995 for these activities due to NURP being eliminated in the FY 1995 President's request.

Coastal Zone Management

QUESTION:

What is the total amount requested in FY 1995 for the Coastal Zone Management (CZM) Program? Please provide a more detailed breakout of this request for the record. How does the request compare to the authorized levels for the CZM Program? What are the state by state breakouts of each aspect of this program?

ANSWER:

Within the FY 1995 President's request for Operations, Research and Facilities Account, NOAA is requesting $41,637,000 for State CZM Program Grants; $3,214,000 for the National Estuarine Research Reserve Program (NERRS); and $4,000,000 for the Coastal Nonpoint Source Pollution Program. The FY 1995 budget also proposes that $7,800,000 from the Coastal Zone Management Fund be used as set forth in section 308 of the CZM Act.

The $41,600,000 requested for State CZM program Grants will provide funding for sections 306/306A and 309 of the Coastal Zone Management Act, as amended. The CZMA provides that NOAA set aside between 10-20% of section 306 funds for section 309 purposes. For the past several years, NOAA has allocated approximately 14.4% for section 309 purposes. Therefore, for FY 1995, NOAA will allocate $5,995,700 for section 309 purposes. The remaining $35,641,300 will fund core program implementation pursuant to section 306 of the Act.

The $3,214,000 requested for the National Estuarine Research Reserve Program will be used to acquire additional land, fund operational activities, education programs and monitoring projects at 22 sites. Funds will be used for a competitive research program and to provide nominal resources for projects that will benefit the entire NERRS program.

The following table provide a breakdown of authorization levels versus request for each section of the CZM Act.

FY 1995 REQUEST COMPARED WITH AUTHORIZED LEVEL

(Dollar Amounts in Thousands)

SECTION	AUTHORIZED	REQUEST	DIFFERENCE
306; 306A; 309	$90,090	$41,600	-$48,490
308*	Variable	$7,800	N/A
310	$10,000	-0-	-$10,000
315	$7,155	$3,214	-$3,941
6217	$12,000	$4,000	-$8,000

* Section 308 funding subject to annual appropriation.

The following table provides a state by state breakdown for sections 306/306A, 309 (weighted formula) and 6217 of the CZM Act.

DISTRIBUTION OF FY 95 GRANT FUNDS, BY § OF THE ACT

(Dollar Amounts in Thousands)

STATE	§306/306A	[1]§309	§6217	TOTAL
ALABAMA	$625.0	$52.8	$90.0	$767.8
ALASKA	2,000.0	273.6	200.0	2,473.6
AMERICAN SAMOA	524.0	64.8	84.0	672.8

The Section 309 Coastal Enhancement Grants Program is a two-part program. The amounts indicated on this table are for the weighted formula portion of the program. The second part is competitive among coastal states. FY 1995 funding for this portion of the program will total approximately $1,701,200.

CALIFORNIA	2,000.0	273.6	200.0	2,473.6
CONNECTICUT	741.0	96.0	100.0	937.0
DELAWARE	605.0	64.0	90.0	759.0
FLORIDA	2,000.0	273.6	200.0	2,473.6
GUAM	527.0	43.2	84.0	654.2
HAWAII	737.0	80.0	100.0	917.0
LOUISIANA	2,000.0	182.4	200.0	2,382.4
MAINE	1,544.0	177.0	158.0	1,879.0
MARYLAND	1,979.0	226.0	200.0	2,405.0
MASSACHUSETTS	1,586.0	183.0	164.0	1,933.0
MICHIGAN	2,000.0	273.6	200.0	2,473.6
MISSISSIPPI	576.0	60.0	86.0	722.0
NEW HAMPSHIRE	545.0	57.0	86.0	688.0
NEW JERSEY	2,000.0	228.0	200.0	2,428.0
NEW YORK	2,000.0	273.6	200.0	2,473.6
NORTH CAROLINA	1,466.0	201.6	150.0	1,817.6
NO. MARIANAS	534.0	44.0	84.0	662.0
OREGON	789.0	108.0	106.0	1,003.0
PENNSYLVANIA	739.0	98.4	100.0	937.4
PUERTO RICO	939.0	107.0	108.0	1,154.0
RHODE ISLAND	631.0	80.4	92.0	803.4
SOUTH CAROLINA	1,299.0	178.8	134.0	1,611.8
VIRGIN ISLANDS	534.0	55.0	84.0	673.0
VIRGINIA	2,000.0	228.0	200.0	2,428.0
WASHINGTON	1,927.0	221.0	198.0	2,346.0
WISCONSIN	763.0	85.0	102.0	950.0
TOTAL	$35,610.0	$4,289.4	$4,000.0	$43,899.4

Under Section 315 of the CZMA NOAA currently has 22 National Estuarine Research Reserves located in the following coastal states:

South Slough, OR
Sapelo Island, GA
Apalachicola, FL
Padilla Bay, WA
Old Woman Creek, OH
Jobos Bay, PR
Tijuana River, CA
Wells, ME
Waquoit Bay, MA
Chesapeake Bay, VA
North Inlet, SC
Waimanu Valley, HI
Rookery Bay, FL
Elkhorn Slough, CA
Narragansett Bay, RI
Chesapeake Bay, MD
North Carolina
Hudson River, NY
Weeks Bay, AL
Great Bay, NH
A.C.E. Basin, SC
Delaware Bay, DE

NOAA is in the process of designating 4 new sites: Saint Lawrence, NY, San Francisco Bay, CA, East Florida, FL and Mullica River, NJ as National Estuarine Research Reserves. Four more states, (Alaska, Connecticut, Wisconsin and Mississippi) have expressed interest in nominating sites to be designated Estuarine Research Reserves.

QUESTION:

What is the reason for continuing the bill language setting minimum and maximum limits for the CZM program grants? Is the authorization language not sufficient to provide an equitable distribution of CZM funding?

ANSWER:

Based on experience in administering the National Coastal Zone Management Program and after carefully considering this issue in consultation with the Coastal States Organization, NOAA believes that the statutory and regulatory criteria for allocation remain appropriate.

NOAA believes that maintaining a minimum funding level is essential to guaranteeing that all state's program are functioning and remain viable. However, NOAA believes that setting a yearly maximum limit for a grant should take into account the greater need of the larger states and NOAA's yearly appropriation. Therefore, NOAA proposes to employ a maximum grant level that would be adjusted according to the overall level appropriated each year. If appropriations were increased, the maximum would be increased accordingly, resulting in a more equitable appropriation level as a basis for formulating future allocations. These changes to the maximum limit would not be at the expense of another eligable state, (i.e. no one State's allocation would be reduced below the previous year should maximum grant limits increase).

Computer Facility Upgrade

QUESTION:

What is the status of the central computer facility upgrade? Are additional funds requested in FY 1995?

ANSWER:

A Class VII computer system--Cray C916--was installed in December, and acceptance completed on March 2, 1994. The conversion of time critical operations to the Class VII system is underway. The retention of the Cray Y-MP8 system allows for an orderly and timely transfer of the operational processing to the more advanced C916. Additionally, the Y-MP8 functions as a backup for the C916 and provides resources required for climate modelling applications.

The FY 1995 cost of the C916 system is $9 million. The FY 1995 cost of the Y-MP8 system is $4.9 million, which includes the final payment and transfer of ownership title to the Federal government. The FY 1995 requested increase of $5.9 million over the FY 1994 appropriation of $8 million will provide the funding necessary to cover the cost of the C916 and to complete the final payment and maintenance cost of the Y-MP8, allowing for its retention and support.

QUESTION:

When will this project be completed? Please provide for the record a summary of the funds provided for this upgrade by fiscal year.

ANSWER:

The upgrade of the central computer facility is a continuing process.

The following is the history of the funding of the NOAA Central Computer Facility Upgrade:

FY 1990 - $ 7,800,000
FY 1991 - $ 7,267,000
FY 1992 - $ 6,500,000
FY 1993 - $ 7,826,000
FY 1994 - $ 8,000,000
FY 1995 - $13,874,000

NOAA Aircraft

QUESTION:

What is the current status of the move (and the related controversy) of the NOAA aircraft operations center from Miami to MacDill Air Force Base in Tampa?

ANSWER:

The move of the Aircraft Operations Center from Miami to MacDill Air Force Base in Tampa was completed on January 1, 1993.

QUESTION:

What are the current annual costs for the facility at MacDill AFB?

ANSWER:

To date the annual charges for water, sewer, electricity, refuse, and custodial are running approximately $128,000 or $11,000/month. No charges for operation of the airfield have been incurred.

QUESTION:

How many air hours are being flown under the FY 1995 request? How many additional hours of flight time were requested by the NOAA bureaus that were not funded in this request? Please provide details for the record of the amount of flight time requested by program and what was actually funded in this request. Include specifics on the reasons for denying these requests.

ANSWER:

Requests for 1995 flight hours have not been received by the Aircraft Operations Center at this time. They are due March 28, 1994.

In lieu of 1995 requests, listed below are those hours funded with Aircraft Operations base funds for 1994 and those requested for funding in 1994.

Requested hours for the aircraft in FY 1994 are as follows:

	Flight Hours Requested	Hrs Funded
Heavy Aircraft		
NWS		
Hurricane Reconnaissance	100	75
OAR		
Hurricane Research	150	100
COAST	67	50
Ocean Remote Sensing	50	35
Tornado	125	75
OZONE	104	80
SWAMP	100	0
Light Aircraft		
NWS		
Snow Survey	350	350
OAR		
NUAMPII	75	0
SCOPE	60	0
ACE II	30	0
OK Cloud & Radiation	60	0
NMFS		
Harbor Porpoise	240	0
Polar Bears	60	0
Beluga Whales	25	0
Gray Whales	100	0
Spotted Seal	200	0
Gulf of Mexico Cetaceans	500	0
NOS		
Coastal Mapping	600	600
Airport Obstruction	390	390
Flight Edit	400	400

Fishing Vessel Obligation Guarantees

QUESTION:

Your budget proposal includes no request for additional loan guarantees under the Fishing Vessel Obligation Guarantee program. What is the current status of the FY

1994 program--are loans being approved? What is the current backlog of loan applications under this program?

ANSWER:

The FVOG Program is in the process of reviewing applications for the FY 1994 authority of $45.9 million. The waiting list now stands at 351 potential applicants interested in $406 million in guaranteed loans.

QUESTION:

What amount was obligated in FY 1993 for administration of the FVOG program? Where does this show up in your budget tables? What is the estimated cost of administering this program in FY 1994?

ANSWER:

In FY 1993, $1,648,000 was obligated for the administration of the FVOG program. NMFS was directed to absorb the administrative costs in FY 1993 and FY 1994 from the Operations, Research and Facilities account. Assessments were taken from all financial management centers and all line items in order to reduce the impact on any one organization and program. Consequently, the planned and actual obligations are distributed to all line items in the budget tables. For FY 1994, we estimate the cost of this program will be $1,700,000.

Questions Submitted by Congressman Carr

GLERL - Zebra Mussel

QUESTION:

The President's FY 1995 budget proposes to terminate GLERL's zebra mussel research program in Lake Huron's Saginaw Bay. This 4-year effort has provided a valuable detailed picture of the zebra mussel's ecological impact on the Bay that will allow assessment of potential harm to economically important sportfish stocks. Why is this work being terminated?

ANSWER:

In FY 1994, the Great Lakes Environmental Research Laboratory (GLERL) and its joint institute with academia, the Cooperative Institute for Limnology and Ecosystems Research (CILER), plan to complete research to document the invasion of the zebra mussel into Saginaw Bay and to study the ecosystem effects of the mussel on the lower food web of the Bay. The Saginaw Bay study will be completed using funds appropriated in FY 1994. GLERL scientists are currently synthesizing data collected in past field seasons and will be submitting the results for publication. They are also studying the physiology and metabolism of the mussel, its early life history, and the bioaccumulation of toxics by mussels.

We agree that zebra mussel research is needed but feel that it can be conducted within existing base funds for the Sea Grant program. Earmarking of funding is unnecessary. Research on zebra mussels is also funded by the public and private sectors. NOAA will continue its outreach activities to prevent and slow the spread of the mussel to other areas under the auspices of the Coastal Ecosystems Health program. Other agency efforts include: U.S. Fish and Wildlife Service research on the zebra mussel reproductive cycle; EPA and the Army Corps of Engineers are continuing monitoring efforts. The Virginia Institute of Marine Science is trying to determine if the zebra mussel has a natural biological predator.

QUESTION:

GLERL's Saginaw Bay zebra mussel study has been recognized as an innovative, successful multiagency application of the ecosystem approach to gain knowledge needed to effectively manage the Saginaw Bay watershed. GLERL's Saginaw Bay work will be highlighted as a case study during part of a CRS 24-25 March Seminar on ecosystem management for Members of

Congress and senior staff. Although the Clinton Administration promotes ecosystem management as a means of averting "environmental train wrecks," the President's FY95 budget request will terminate GLERL's Saginaw Bay Program. Why?

ANSWER:

NOAA supports the Clinton Administration's ecosystem-oriented approach to environmental problems, as is shown by the agency's continued support of coordinated ecosystem research at GLERL which seeks to improve predictions of ecological change that result from man-made and natural perturbations. In addition to the Saginaw Bay program, these programs are quantifying the relationships among fish populations, the lower food web, and physical factors, and will provide estimates of biomass for use in ecological simulation models. NOAA's Coastal Ocean Program (COP) also sponsors ecosystem oriented research in NOAA labs and academia through its Nutrient Enhanced Coastal Ocean Productivity (NECOP) program in the Gulf of Mexico, and COP-sponsored Coastal Fishery Ecosystem studies such as the Shelikof Straits (Alaska) Fisheries Oceanography Coordinated Investigation (FOCI) and the South Atlantic Bight Recruitment Experiment (SABRE).

QUESTION:

In October 27, 1993 testimony before the House Merchant Marine and Fisheries Committee, Kate Kimball, Deputy Assistant Secretary for Oceans and Atmosphere described startup of a Ballast Exchange Study at GLERL. Has NOAA made any FY 1994 funds available to support this study? If not, why not? What funds will be dedicated to support this work in FY 1995?

ANSWER:

NOAA will be providing $100,000 of 1994 funds (from Sea Grant) to the Ballast Water Study, which will be managed by GLERL. The EPA has contributed $50,000. The total of $150,000 is adequate to complete the study and no FY 1995 funds will be needed.

GLERL - Nearshore

QUESTION:

The work in GLERL's Nearshore Hydrodynamics Project in measuring lake current patterns and water temperatures in the vicinity of Milwaukee water intakes will help that city avoid the drinking water contamination problem that caused illness in 400,000 Milwaukee residents. Many other Great Lakes cities face similar threats to water supply contamination, but the President's $200,000 FY 1995 request to support GLERL's Nearshore Hydrodynamics Project is inadequate to permit any expansion. Why has this oversight occurred and how might it be rectified?

ANSWER:

The President's FY 1995 request level of $200,000 will allow NOAA to continue limited grants to academic partners in Wisconsin as well as in house research on the Nearshore Hydrodynamics Program. Given an environment of limited resources, decisions on the funding priorities are made as part of the annual budget process. However, due to higher priority funding needs, increased funding for the Nearshore Hydrodynamics program has not been requested in FY 1995.

QUESTION:

Climatic change will dramatically alter Great Lakes water levels, temperatures, chemistry and biology with accompanying severe impacts on the region's economy. However, NOAA has directed few resources or attention to look at problems in the Great Lakes Basin -- North America's dominant watershed. Why?

ANSWER:

NOAA's interest in this subject is demonstrated by a workshop held recently on Climate Change Impacts on the Great Lakes Basin. The workshop was cosponsored by NOAA, the Great Lakes Commission, and the NOAA Cooperative Institute for Limnology and Ecosystems Research (CILER). The workshop was attended by about 115 representatives from numerous federal, state, and Canadian agencies, and university/research institutes including scientists, resource managers, and economists. The purpose of the workshop was to outline a plan of study for assessing impacts of climate change on the Great Lakes. The U.S. portion of this research plan is underway and should be completed by the end of April 1994. It is expected that research proposals based on this plan will be submitted to the NOAA Office of Global Programs for consideration in their Climate and Global Change program peer review process.

Several projects related to climate change impacts in the Great Lakes Basin are currently funded with GLERL's base funds, including: modelling of lake thermal structure, development of a hydrometeorological and land surface GIS data base to support climate change and other studies of the basin; a climate transposition study to look at effects of altered climate on the region; and studies of potential climate change impacts on Great Lakes ecosystems, on water quantity in lake Erie and Lake St. Clair, and on water diversion from Lake Michigan at the Chicago Canal.

Coastal Ocean Program

QUESTION:

What funds of NOAA's Coastal Ocean Program will be committed toward solving problems in the Great Lakes in FY95? What percentage do such funds represent relative to funds allocated to problem-solving in other coastal areas?

ANSWER:

The level of FY 1995 funding focused directly on Great Lakes issues will depend upon competitive funding decisions. Specific regional location of the majority of research projects is determined first by where both NOAA and academic investigators themselves choose to propose research and then by the success of their proposed scientific investigations in external and internal peer reviews. Coastal Ocean Program activities are currently conducted in several U.S. coastal regions, including the Great Lakes, with the primary objective of improving predictive capabilities in all coastal regions of the U.S. Results of many research efforts, of course, are applicable to areas beyond the specific location of the project.

In FY 1994, the Coastal Ocean Program has committed approximately $250,000 of its appropriation directly on continued efforts to address problems in the Great Lakes. This level of spending may increase once competitive proposal selection is completed for FY 1994 funding announcements. The Coastal Ocean Program will continue to encourage NOAA and the Great Lakes research community to contribute its valuable expertise to research efforts in U.S. coastal regions, including the Great Lakes.

Shenehon Replacement

QUESTION:

When will the replacement vessel for GLERL's R/V Shenehon be constructed and what FY94 and FY95 funds are dedicated to design/construction of this vessel. What is the total amount of funds required to fully construct and equip the vessel.

ANSWER:

The concept design and acquisition package are nearing completion for a new NOAA Great Lakes Research vessel to replace the R/V SHENEHON. NOAA is committed to acquire a new vessel when funding becomes available. Sufficient funds were set aside from the FY 1993 appropriation to complete the conceptual design, therefore no additional funds were required in FY 1994 for this purpose. No funding for this vessel is included in the FY 1995 Fleet Replacement and Modernization request; these funds will be requested in the future in keeping with the Administration's guidelines and priorities. The estimated cost to construct and outfit the vessel based on the present conceptual design is $4.0 million.

Questions Submitted by Congressman Skaggs

Weather Research

QUESTION:

I understand that NOAA hasn't requested any funding increase for general weather research for over 8 years. Can NOAA gain the most out of the Weather Service Modernization--and the techniques to use all this new technology--if it doesn't expand research?

ANSWER:

The FY 1995 budget includes an increase of $2,085,000 mainly within the Advance Short Term Warnings and Forecasts program to maintain critical components of NOAA's weather research programs. These funds would: (1) Refine environmental technologies for observing the atmosphere. Partly, this would focus on developing new instruments to remotely and frequently observe winds, temperature, and humidity in the upper atmosphere needed for improved weather forecasts and services. (2) Enable NOAA to upgrade its research Doppler Radar in Norman, OK, critical for developing and testing NEXRAD radar algorithms/techniques used for improved NEXRAD detection of severe weather. (3) Offset recent losses in funds needed to develop and deploy mobile weather observation systems. Such systems have made significantly positive contributions to our weather forecasting ability. (4) Allow for research to better understand the atmospheric processes that trigger severe weather, which is essential for developing improved numerical weather prediction models and forecasting techniques, (5) Address the current obsolescence faced by NOAA's data handling and analysis facility. This is critical for fully developing AWIPS forecaster workstations used to rapidly process and display weather information. The small investment in the activities listed above will help assure the success and maximize the benefits of the multi-billion dollar NWS modernization program and, keep NOAA as a leader in environmental services technology.

During the past few years, NOAA has taken the leadership role in the U.S. Weather Research Program to improve our weather forecasting and warning capabilities. NOAA is working with seven other Federal agencies to establish the planning basis for making our weather research more effective by working with the new Committee on the Environment and Natural Resources (CENR) of the President's National Science and Technology Council (NSTC). We have developed closer working relationships on weather research to exploit the modernization of the national observing network for improving weather forecasts, in addition to better severe weather warnings.

This collaboration led to the publishing of the document: Predicting Our Weather, a Strategic Plan for the U.S. Weather Research Program prepared by the Federal Coordinating Council on Science, Engineering and Technology Subcommittee on Atmospheric Research of the Committee on Earth and Environmental Science. We are now in a position to move forward with the other seven Federal agencies to implement the U.S. Weather Research Program.

QUESTION:

Can NOAA expect to continue to improve weather forecasting if it doesn't boost its weather research efforts?

ANSWER:

NOAA conducts ongoing weather research in five of its Environmental Research Laboratories (Forecast Systems Laboratory (FSL) - Boulder CO, National Severe Storms Laboratory (NSSL) - Norman, OK, Environmental Technology Laboratory (ETL) - Boulder CO, Geophysical Fluid Dynamics Laboratory (GFDL) - Princeton, NJ, Atlantic Oceanographic and Meteorological Laboratory, Hurricane Research Division (AOML/HRD) - Miami FL), in the National Weather Service (Techniques Development Laboratory (TDL), National Meteorological Center (NMC), National Severe Storms Forecast Center (NSSFC), Storm Prediction Center (SPC)) and NESDIS. Much of this effort is indeed directed at improved weather forecasting, and we now produce weather forecasts out to one week that are as skillful as those made for 48 hrs a decade ago. This research will continue to improve our forecasts of precipitation and severe weather phenomena in the 0-48 hour range.

QUESTION:

One part of NOAA's authorization legislation package requires NOAA to conduct a weather research plan. Does NOAA think a weather research plan would be useful?

ANSWER:

Following the release of the U.S. Weather Research Program's Strategic Plan, which summarizes the strategy that guides the planning and conduct of the USWRP, the Congress, in its FY 1993 Authorization Bill for NOAA, required the development of a USWRP Implementation Plan. Under the leadership of NOAA, the Federal agencies have completed that the Implementation Plan, and it was recently transmitted to the Congress by the Secretary of Commerce and the Chairman of the former Committee on Earth and Environmental Sciences. We believe that Plan is useful and essential for setting forth the national scientific agenda in weather research. It lays out an implementation strategy and budget over the next ten years that would not only improve weather forecasts, but also the use of weather forecasts to meet the needs of our end-users, and carry forward weather research enabled by the NWS Modernization. The USWRP Program Office is now working with the other agencies, the National Academy of Sciences, NCAR, universities, and private sector meteorologists to develop a USWRP Science Plan. This Science Plan will help focus and guide the development of detailed initiatives to systematically implement the vision embodied in the Implementation Plan. NOAA would include its portion of these activities within its Advance Short-Term Warnings and Forecasts program.

QUESTION:

NOAA is apparently working on the intragovernmental front to coordinate its research and operational efforts with other federal agencies. But how does the total U.S. effort in weather research compare with that of the rest of the international community? Are we satisfied with the effort generated by all the other nations who could benefit from this research? If not, are there any steps NOAA (or Congress) should be taking to encourage more effort?

ANSWER:

The U.S. faces the greatest combined threat from severe weather than any other country in the world. This is especially true for tornadoes and severe thunderstorms, and arises from our unique geography with the Gulf of Mexico moisture source and the Rocky Mountains. NOAA has been working closely to coordinate both its research and operational efforts through the U.S. Weather Research Program Office, noted earlier, as well as through the World Meteorological Organization (WMO), International Council of Scientific Unions, (ICSU), and other international scientific bodies. We are convinced that there are abundant opportunities for export of new weather observing and forecasting technologies to foreign countries. NOAA is working along with other agencies in the Department of Commerce and private sector companies to develop and nurture new environmental technologies that can be transferred abroad. By implementing the U.S. Weather Research Program, we will invite strong participation in all phases of the research program by foreign scientists and institutions. We have already had significant foreign scientific collaborations in recent field experiments such as Taiwan-Area Mesoscale Experiment (TAMEX) in Taiwan, STORMFEST-92 in the Central U.S., the Southwest Area Monsoon Project,(SWAMP) project with Mexico over the desert Southwest, and the 1993 Atomspheric Modification Program North Dakota Thunderstorm Tracer Experiment with AES-Canada. We agree with you that foreign scientists should be encouraged to participate with us in the U.S. Weather Research Program here. Relevant research findings and technologies for improved short-term forecasting could then be readily transferred and marketed overseas.

WEDNESDAY, APRIL 13, 1994.

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

WITNESSES

THOMAS R. BLOOM, CFO, ASSISTANT SECRETARY FOR ADMINISTRATION

GLORIA GUTIERREZ, DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION

SONYA G. STEWART, DIRECTOR FOR FEDERAL ASSISTANCE & MANAGEMENT SUPPORT

URIEL GOTTESMAN, DIRECTOR, OFFICE OF BUDGET OPERATIONS

ALAN P. BALUTIS, DIRECTOR FOR BUDGET, PLANNING & ORGANIZATION

MARK E. BROWN, DIRECTOR, OFFICE OF BUDGET

Mr. MOLLOHAN [presiding]. The Committee will come to order.

The first item we will consider this morning is the fiscal year 1995 budget request for the General Administration, Salaries and Expenses account, for the Department of Commerce. The request is for $36,727,000, an increase of $3,685,000 above the amount appropriated for fiscal year 1994. We will insert the justification material submitted in support of this request into the record at this point.

[The justifications follow:]

Exhibit 1

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Budget Estimates, Fiscal Year 1995
President's Submission

Table of Contents

Exhibit Number — Page Number

Exhibit:

2 Organization Chart GA-1
3 General Statement GA-3

Salaries and Expenses:

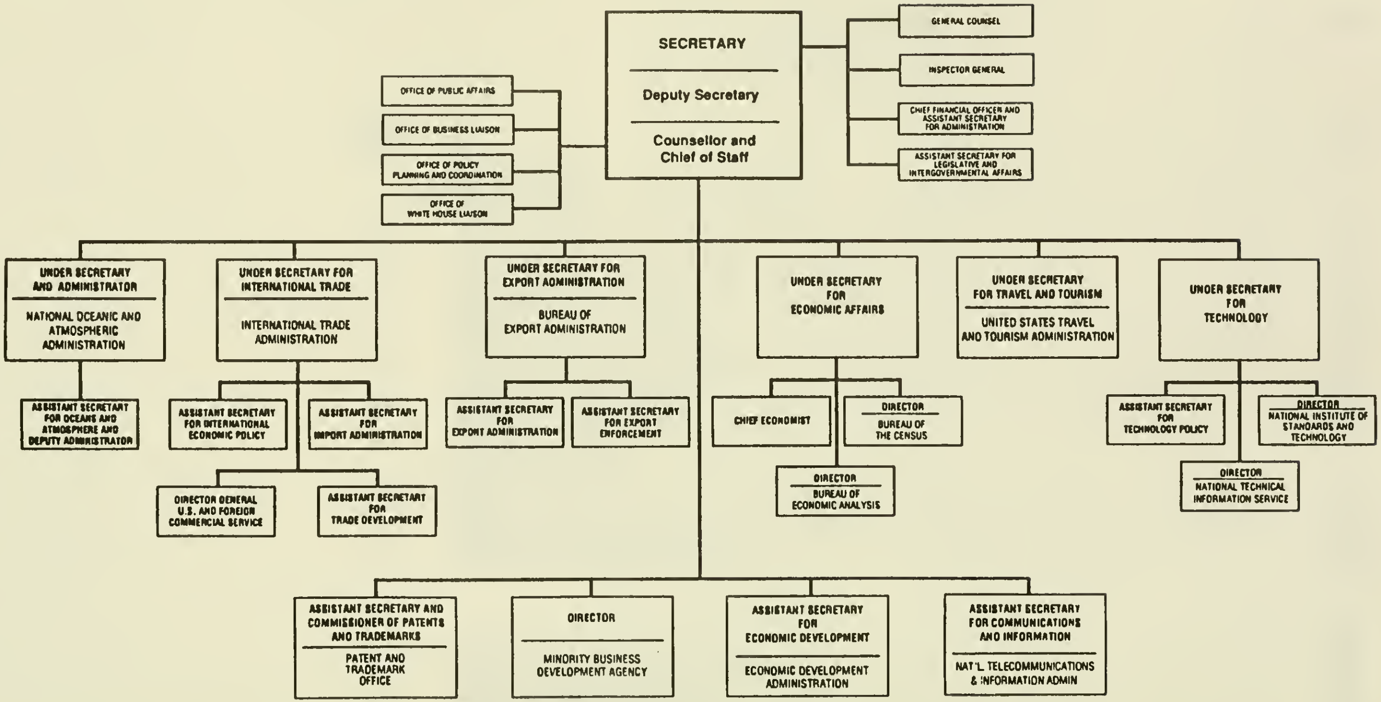
5 Summary of resource requirements: direct obligations GA-5
7 Summary of financing GA-7
8 Adjustments to base GA-8
9 Justification of adjustments to base GA-9
10 Program and performance: direct obligations GA-13
12 Justification of program and performance GA-14
13 Decrease changes for 1995 . . . . . GA-15
14 Program change personnel detail GA-17
15 Program change detail by object class GA-18
16 Summary of requirements by object class GA-20
17 Detailed requirements by object class GA-22
18 Activity/subactivity change crosswalk-part 1 . . . . . GA-27
19 Activity/subactivity change crosswalk-part 2 . . . . . GA-28
31 Appropriation Summary Statement GA-29
33 Appropriation language and Code Citations GA-30
34 Consulting and Related Services GA-31
35 Periodicals, Pamphlets, and Audiovisual Services GA-32
36 Average Grade and Salaries GA-33

Office of Inspector General:

2 Organization Chart GA-35
5 Summary of resource requirements: direct obligations GA-37
7 Summary of financing GA-39
8 Adjustments to base GA-40
9 Justification of adjustments to base GA-41
10 Program and performance: direct obligations GA-45
12 Justification of program and performance GA-46
13 Decrease changes for 1995 . . . . . GA-49

14 Program change personnel detail GA-51
15 Program change detail by object class GA-52
16 Summary of requirements by object class GA-54
17 Detailed requirements by object class GA-56
31 Appropriation summary statement GA-61
33 Appropriation language and code citations GA-62
34 Consulting and Related Services GA-63
35 Periodicals, Pamphlets, and Audiovisual Services GA-64
36 Average Grades and Salaries GA-65
Working Capital Fund GA-67

U.S. DEPARTMENT OF COMMERCE


SECRETARY
Deputy Secretary
Counsellor and Chief of Staff
OFFICE OF PUBLIC AFFAIRS
OFFICE OF BUSINESS LIAISON
OFFICE OF POLICY PLANNING AND COORDINATION
OFFICE OF WHITE HOUSE LIAISON
GENERAL COUNSEL
INSPECTOR GENERAL
CHIEF FINANCIAL OFFICER AND ASSISTANT SECRETARY FOR ADMINISTRATION
ASSISTANT SECRETARY FOR LEGISLATIVE AND INTERGOVERNMENTAL AFFAIRS
UNDER SECRETARY AND ADMINISTRATOR
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
ASSISTANT SECRETARY FOR OCEANS AND ATMOSPHERE AND DEPUTY ADMINISTRATOR
UNDER SECRETARY FOR INTERNATIONAL TRADE
INTERNATIONAL TRADE ADMINISTRATION
ASSISTANT SECRETARY FOR INTERNATIONAL ECONOMIC POLICY
ASSISTANT SECRETARY FOR IMPORT ADMINISTRATION
DIRECTOR GENERAL U.S. AND FOREIGN COMMERCIAL SERVICE
ASSISTANT SECRETARY FOR TRADE DEVELOPMENT
UNDER SECRETARY FOR EXPORT ADMINISTRATION
BUREAU OF EXPORT ADMINISTRATION
ASSISTANT SECRETARY FOR EXPORT ADMINISTRATION
ASSISTANT SECRETARY FOR EXPORT ENFORCEMENT
UNDER SECRETARY FOR ECONOMIC AFFAIRS
CHIEF ECONOMIST
DIRECTOR
BUREAU OF THE CENSUS
DIRECTOR
BUREAU OF ECONOMIC ANALYSIS
UNDER SECRETARY FOR TRAVEL AND TOURISM
UNITED STATES TRAVEL AND TOURISM ADMINISTRATION
UNDER SECRETARY FOR TECHNOLOGY
ASSISTANT SECRETARY FOR TECHNOLOGY POLICY
DIRECTOR
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY
DIRECTOR
NATIONAL TECHNICAL INFORMATION SERVICE
ASSISTANT SECRETARY AND COMMISSIONER OF PATENTS AND TRADEMARKS
PATENT AND TRADEMARK OFFICE
DIRECTOR
MINORITY BUSINESS DEVELOPMENT AGENCY
ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT
ECONOMIC DEVELOPMENT ADMINISTRATION
ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION
NAT'L TELECOMMUNICATIONS & INFORMATION ADMIN

GA-1

Exhibit 3

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION
BUDGET ESTIMATES FOR FISCAL YEAR 1995
PRESIDENT'S SUBMISSION

GENERAL STATEMENT

The Department of Commerce has the mission of stimulating and strengthening the partnership between government and business in America. By participating fully in efforts to change the nature and recent course of the nation's economy, the Department seeks to be at the forefront of supporting the economic recovery, creating jobs, and encouraging long-term investment. To accomplish this, Commerce is stressing programs to help build public-private partnerships that can find and develop new businesses and trade opportunities.

The Department of Commerce fully supports the President in his efforts to lead the nation in regaining our position of world technological leadership. Commerce's uniquely business and industry-related programs can help realize the priority goals of the President in the areas of trade, technology, telecommunications networks and infrastructure, environmental infrastructure, economic development, and minority business.

The specific functions and programs of the Department that make up these broad activities are authorized by the Department's Organic Act (Act of February 14, 1903 Stat. 825) and by other legislation. They also include responsibilities transferred from other agencies by Presidential Reorganization Plans, as well as responsibilities assigned to the Secretary of Commerce by Executive Order or other actions of the President. The general administration of the functions and authorities of the Department is vested in the Secretary of Commerce. The Office of Inspector General appropriation is located within the General Administration as a result of their overall Departmental responsibilities. Overall policy direction of the operating bureaus is exercised through the Secretary, the Deputy Secretary, and the various Secretarial officers.

(Dollar amounts in thousands)

Appropriation		1994 Currently Available		1995 Estimate		Inc. (+) or Dec. (-)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Salaries and Expenses	Pos./Appr.	368	$33,042	370	$36,727	+2	+$3,685
	FTE	334		335		+1	
Office of Inspector General	Pos./Appr.	214	16,000	214	16,904	+0	+904
	FTE	201		198		-3	
Total, General Administration . .	Pos./Appr.	582	49,042	584	53,631	+2	+4,589
	FTE	535		533		-2	

Exhibit 5

Department of Commerce
General Administration
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Budget Authority	FTE	Direct Obligations
	Appropriation Available, 1994	368	33,042	334	33,042
	less: Obligations from prior years	0	0	0	0
GA-9	plus: 1995 Adjustments to base	2	4,168	6	4,168
	less: Prior year recoveries	0	0	0	0
	1995 Base	370	37,210	340	37,210
GA-15	less: Administrative savings	0	(150)	0	(150)
GA-16	less: FTE savings	0	(333)	(5)	(333)
	1995 Estimate	370	36,727	335	36,727

			1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
	Comparison by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
GA-13	Executive Direction	Pos./BA	102	10,422	111	11,701	111	12,913	111	12,725	0	(188)
		FTE/Obl.	92	9,914	98		100		98		(2)	
GA-13	Departmental Staff Services	Pos./BA	238	22,710	257	21,341	259	24,297	259	24,002	0	(295)
		FTE/Obl.	217	23,037	236		240		237		(3)	
	Direct Obligations	Pos./BA	340	33,132	368	33,042	370	37,210	370	36,727	0	(483)
		FTE/Obl.	309	32,951	334		340		335		(5)	
	Adjustments for:											
	Recoveries			0		0		0		0		0
	Unobligated balance, start of year			0		0		0		0		0
	Unobligated balance transferred			0		0		0		0		0
	Unobligated balance, end of year			0		0		0		0		0
	Unobligated balance expiring			181		0		0		0		0
	Financing from transfers:											
	Transfer from other accounts (-)			(1,420)		0		0		0		0
	Transfer to other accounts (+)			0		0		0		0		0
	Appropriation			31,712		33,042		37,210		36,727		(483)

Exhibit 7

Department of Commerce
General Administration
Salaries and Expenses
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
Total Obligations	76,124	79,197	85,210	84,727	(483)
Offsetting collections from:					
Federal funds	(43,173)	(46,155)	(48,000)	(48,000)	
Trust funds					
Non-Federal sources					
Recoveries					
Unobligated balance, start of year					
Unobligated balance transferred					
Unobligated balance, end of year					
Unobligated balance expiring	181				
	------	------	------	------	------
Budget Authority	33,132	33,042	37,210	36,727	(483)
Financing:					
Transfer from other accounts	(1,420)				
Transfer to other accounts					
	------	------	------	------	------
Appropriation	31,712	33,042	37,210	36,727	(483)

Exhibit 8

Department of Commerce
General Administration
Salaries and Expenses
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	Positions	FTE	Amount
Transfers:	0	0	0
Adjustment:	0	4	2,172
Financing:	0	0	0
Other Changes:			
1994 Locality pay raise			829
1995 pay raise			287
Within-grade step increases			242
Change in compensable days			(76)
Civil Service Retirement System (CSRS)			(50)
Federal Employees' Retirement System (FERS)			92
Thrift Savings Plan			60
Federal insurance Contributions Act (FICA) - OASDI			28
Health insurance			53
Employees' Compensation Fund			43
Rental payments to GSA			137
Printing and reproduction			36
Other Services: Working Capital Fund			157
Audit costs	2	2	129
Supplies and materials			9
Equipment			20
Subtotal, other changes	2	2	1,996
Total, adjustments to base	2	6	4,168

Exhibit 9

Department of Commerce
General Administration
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Adjustment:		
Continuation of FY 1994 Operating Level		2,172

In order to continue the FY 1994 operating level $2,172,000 is required.

	FTE	Amount
FTE Adjustment	4	0

A Departmental recalculation of FTE incorporating the reporting of non-ceiling employment and work-years as required in FPM Letter 298-45 results in an increase of four FTE.

	FTE	Amount
Other Changes:		
Pay Raises		1,116

FY 1994 Locality pay raise

A locality pay raise was implemented in January 1994.

Total cost in FY 1995 of FY 1994 locality pay raise	702,000
Less amount funded in FY 1994	0
Less amount absorbed	0
Amount requested in FY 1995 to provide full-year cost of FY 1994 locality pay raise	702,000
Payment to Working Capital Fund	127,000
Total adjustment for FY 1994 locality pay raise	829,000

FY 1995 pay increase and related costs

A general pay raise of 1.6% is assumed to be effective January 1, 1995.

Total cost in FY 1995 of pay increase	251,000
Less amount absorbed in FY 1995	0
Amount requested for FY 1995 pay increase	251,000
Payment to Working Capital Fund	36,000
Total adjustment for FY 1995 pay increase	287,000

	FTE	Amount
Within-grade step increases		242

An increase of $241,876 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases which will be earned in FY 1995.

Estimated number of within-grade steps increases	250
Step increases not earned due to turnover (19.3% x 250)	48
Average step above step 1 per separation	2
Average cost per within-grade step increase	1,351
Gross cost of scheduled step increases ($1,351 x 250)	337,750
Less savings due to separations ($1,351 x 48 x 2)	(129,696)
Subtotal, personnel compensation	208,054
Benefits	33,822
Total adjustment-to-base	241,876

	FTE	Amount
Changes in Compensable Days		(76)

The decreased cost of one less compensable day in FY 1995 compared to FY 1994 is calculated by dividing the FY 1994 estimated personnel compensation of $17,342,000 and applicable benefits of $2,527,000 by 261 compensable days. The cost decrease of one less compensable day is $76,126.

	FTE	Amount
Civil Service Retirement System (CSRS)		(50)

The estimated percentage of payroll for employees covered by CSRS will decrease from 55.2% in FY 1994 to 51.1% in FY 1995. The contribution rate will remain the same at 7.0%.

FY 1995 ($17,342,000 x .511 x .07)	620,323
FY 1994 ($17,342,000 x .552 x .07)	670,095
Total adjustment-to-base	(49,772)

	FTE	Amount
Federal Employees' Retirement System (FERS)		92

The estimated percentage of payroll for employees covered by FERS will rise from 44.8% in FY 1994 to 48.9% in FY 1995. The contribution rate will remain the same at 12.9%.

FY 1995 ($17,342,000 x .489 x .129)	1,093,951
FY 1994 ($17,342,000 x .448 x .129)	1,002,229
Total adjustment-to-base	91,722

	FTE	Amount
Thrift Savings Plan		60

The cost of agency contributions to the Thrift Savings Plan will increase as employees covered by FERS increases from 44.8% to 48.9%. The contributions will increase even further as the participation rate increases from 3.7% to 4.1%.

FY 1995 ($17,342,000 x .489 x .041)	347,690
FY 1994 ($17,342,000 x .448 x .037)	287,461
Total adjustment-to-base	60,229

		FTE	Amount
Federal Insurance Contributions Act (FICA)-OASDI			28
The OASDI tax rate will remain constant at 6.2%. However, the annual salary taxable by OASDI will rise from $60,150 in FY 1994 to $61,050 in FY 1995. Even though the cap increases, the percent of salaries below the cap will decrease from 88.4% to 86.3%. However, this is more than offset by the total salaries taxable by OASDI increasing from 44.8% in FY 1994 to 48.9% in FY 1995.			
OASDI:			
FY 1995 ($17,342,000 x .489 x .863 x .062)	453,744		
FY 1994 ($17,342,000 x .448 x .884 x .062)	425,815		
Total adjustment-to-base	27,929		
Health insurance			53
Effective January 1993, the contribution to Federal employee's health insurance premiums increased by 8.1%. Applied against the FY 1994 estimate of $660,000, the additional amount required is $53,460.			
Employees' Compensation Fund			43
The Employee's Compensation Fund bill for the year ending June 30, 1993 is $43,255 more than the bill for the year ending June 30, 1992. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.			
Rental payments to GSA			137
GSA rate are projected to increase 3.38.% FY 1995. This percentage was applied to the FY 1994 estimate of $4,041,000 to arrive at an increase of $136,586.			
Printing and reproduction			36
GPO has provided an estimated rate increase of 3.0%. This percentage was applied to the FY 1994 estimate of $1,204,000 to arrive at an increase of $36,120.			
Working Capital Fund			157
An additional $157,000 is required to fund cost increases in the General Administration's Working Capital Fund.			
Audit Cost		2	129
An Increase of $128,520 is required to cover the cost of auditing financial statements, as required by the CFO Act.			
Supplies and materials			9
Based on the GNP deflator of 2.8%, the cost of supplies and materials is expected to increase by $9,072 from the FY 1994 estimate of $324,000.			

	FTE	Amount
Equipment		20
Based on the GNP deflator of 2.8%, the cost of equipment is expected to increase by $20,104 from the FY 1994 estimate of $718,000.		
Total FY 1995 adjustments-to-base	6	4,168

Exhibit 10

Department of Commerce
General Administration
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Salaries and Expenses

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
Subactivity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction	Pos./BA	102	10,422	111	11,701	111	12,913	111	12,725	0	(188)
	FTE/Obl.	92	9,914	98		100		98		(2)	
Departmental Staff Services	Pos./BA	238	22,710	257	21,341	259	24,297	259	24,002	0	(295)
	FTE/Obl.	217	23,037	236		240		237		(3)	
Total	Pos./BA	340	33,132	368	33,042	370	37,210	370	36,727	0	(483)
	FTE/Obl.	309	32,951	334		340		335		(5)	

Exhibit 12

Department of Commerce
General Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE: SALARIES AND EXPENSES

Goals and Objectives

The Salaries and Expenses account funds the senior officials and supporting staff responsible for directing the entire Department of Commerce. The near-term Departmental goals and objectives are: Economic stimulus activities to help jump-start the economy; long-term investment initiatives for sustaining new economic growth through infrastructure development and private-sector job creation, and; savings in federal program costs and staffing. The longer-term goals and objectives seek to: Revitalize America's technology capabilities to increase the Nation's competitiveness; widen opportunities for economic recovery and investment; promote international trade in a global economy by improving the international trade climate for American business and industry; improve the quality of government statistical programs; improve our capacity to support major growth in patent and trademark needs, and; improve the overall Department's capacity to respond to priority requirements.

Base Program FY 1995

Executive Direction	This sub-activity provides funding for the Secretary, Deputy Secretary, Executive Secretariat, Chief Financial Officer, General Counsel, Legislative and Intergovernmental Affairs, Space Commerce, Public Affairs, Business Liaison and Consumer Affairs. These offices are responsible for matters affecting Departmental policy, programs, and functions including the representation of the Administration before the public, business community, Congress and other Executive agencies and departments.
Departmental Staff Services	This sub-activity provides policy and administrative guidance to the Department. Through this guidance the Secretary plans, supervises and directs the full resources and programs of the entire Department and executes his obligations under law. This sub-activity ensures coordination among the bureaus' interrelated programs and establishes Departmental administrative policies and procedures.

Exhibit 13

Department of Commerce
General Administration
Salaries and Expenses
DECREASE FOR 1995
(Dollar amounts in thousands)

		1995 Base		1995 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Salaries and Expenses	Pos./BA	370	$37,210	370	$37,060	0	($150)
	FTE/Obl.	340		340		0	

Administrative Savings ($150)

Program Description

Executive Order 12837, "Deficit Control and Productivity Improvement in the Administration of the Federal Government", dated February 10, 1993, mandated reductions. Office of Management and Budget Bulletin No. 93-09 provides instructions to the heads of executive departments and establishments on achieving the reduction.

	1995	1996	1997	1998	1999
Performance Measures:					
Improved data products	0	0	0	0	0
Cost and Benefits:					
Direct Obligations:					
Uncapitalized	(150)	(302)	(565)	(565)	(565)
Budget Authority	(150)	(302)	(565)	(565)	(565)
Outlays	(144)	(294)	(551)	(561)	(565)
FTE	0	0	0	0	0
Benefits, in dollars	0	0	0	0	0

Exhibit 13

Department of Commerce
General Administration
Salaries and Expenses
DECREASE FOR 1995
(Dollar amounts in thousands)

		1995 Base		1995 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Salaries and Expenses	Pos./BA	370	$37,210	370	$36,877	0	($333)
	FTE./Obl.	340		335		(5)	

FTE Savings ($333)

Program Description

Executive Order 12839, "Reduction of 100,000 Federal positons", dated February 10, 1993, mandated FTE and associated salary and benefit reductions. Office of Management and Budget Bulletin No. 93-08 provides instructions to the heads of executive departments and establishments on achieving the reduction.

	1995	1996	1997	1998	1999
Performance Measures:					
Improved data products	0	0	0	0	0
Cost and Benefits:					
Direct Obligations:					
Uncapitalized	(333)	(333)	(333)	(333)	(333)
Budget Authority	(333)	(333)	(333)	(333)	(333)
Outlays	(319)	(328)	(333)	(333)	(333)
FTE	(5)	(5)	(5)	(5)	(5)
Benefits, in dollars	0	0	0	0	0

Exhibit 14

Department of Commerce
General Administration
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL
(Direct Obligations in thousands)

Activity: SALARIES AND EXPENSES
Subactivity: Executive Direction/Departmental Staff Services
Program change: FTE savings

Title:	Grade	Number	Annual Salary	Total Salaries
Special Assistant	15	(1)	66,609	(66,609)
Attorney	13	(1)	47,920	(47,920)
Budget Analysts	13	(3)	47,920	(143,760)
Total		(5)		(258,289)

Personnel Data	
Full-Time Equivalent Employment:	
Full-time permanent	(5)
Other than full-time permanent	0
Total	(5)
Authorized Positions:	
Full-time permanent	0
Other than full-time permanent	0
Total	0

Exhibit 15

Department of Commerce
General Administration
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct Obligations in thousands)

Activity: SALARIES AND EXPENSES
Subactivity: Executive Direction/Departmental Staff Services
Program change: Administrative savings

Object Class		1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.9	Total personnel compensation	0
12.1	Civilian personnel benefits	0
21	Travel and transportation of persons	(14)
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	(14)
24	Printing and reproduction	(9)
25.1	Consultant services	0
25.2	Other services	0
25.3	Purchase of goods and services from Gov't accounts	(103)
26	Supplies and materials	(10)
31	Equipment	0
99	Direct obligations	(150)

Exhibit 15

Department of Commerce
General Administration
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: SALARIES AND EXPENSES
Subactivity: Executive Direction/Departmental Staff Services
Program change: FTE savings

	Object Class	1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	(258)
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.9	Total personnel compensation	(258)
12.1	Civilian personnel benefits	(75)
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	9
25.1	Consultant services	0
25.2	Other services	0
25.3	Purchase of goods and services from Gov't accounts	0
26	Supplies and materials	0
31	Equipment	0
32	Land and structures	0
99	Total obligations	(333)

Exhibit 16

Department of Commerce
General Administration
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate 1/	Increase/ (Decrease) over 1995 Base
11	Personnel compensation					
11.1	Full-time permanent	16,174	16,927	18,091	17,833	(258)
11.3	Other than full-time permanent	336	415	418	418	0
11.5	Other personnel compensation	781	770	770	770	0
11.9	Total personnel compensation	17,291	18,112	19,279	19,021	(258)
12.1	Civilian personnel benefits	3,131	3,472	3,888	3,813	(75)
13	Unemployment Compensation	167	0	0	0	0
21	Travel and transportation of persons	397	435	435	421	(14)
22	Transportation of things	22	10	10	10	0
23.1	Rental payments to GSA	3,972	4,041	4,178	4,178	0
23.2	Rental payments to others	73	82	82	82	0
23.3	Commun., util. and misc. charges	848	874	874	860	(14)
24	Printing and reproduction	1,039	1,204	1,240	1,231	(9)
25.1	Consulting services	0	0	0	0	0
25.2	Other services	849	898	1,027	1,027	0
25.3	Purchase of goods and services from Gov't account	4,199	2,872	5,126	5,023	(103)
26	Supplies and materials	275	324	333	323	(10)
31	Equipment	687	718	738	738	0
43	Interest & dividends	1	0	0	0	0
99	Total Obligations	32,951	33,042	37,210	36,727	(483)
	Less prior year recoveries			0	0	
	Total Budget Authority			37,210	36,727	(483)

1/ Object class spread differs from that reflected in the President's budget.

Exhibit 16

Department of Commerce
General Administration
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Personnel Data	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
Full-Time Equivalent Employment:					
Full-time permanent	294	319	325	320	(5)
Other than full-time permanent	15	15	15	15	0
Total	309	334	340	335	(5)
Authorized Positions:					
Full-time permanent	320	348	350	350	0
Other than full-time permanent	20	20	20	20	0
Total	340	368	370	370	0

Exhibit 17

Department of Commerce
General Administration
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	171	752	752	0
	Senior executive service	194	3,346	3,346	0
	General schedule	799	13,993	13,735	(258)
	Subtotal	1,164	18,091	17,833	(258)
11.3	Other then full-time permanent				
	General schedule	3	418	418	0
	Subtotal	3	418	418	0
11.5	Other personnel compensation				
	Overtime	0	400	400	0
	SES performance awards	0	220	220	0
	Cash awards	0	150	150	0
	Subtotal	0	770	770	0
11.9	Total personnel compensation	1,167	19,279	19,021	(258)

Exhibit 17

Department of Commerce
General Administration
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil Service Retirement System	(6)	787	787	0
	Federal Employees' Retirement System	154	942	909	(33)
	Thrift Savings Plan	78	303	292	(11)
	Federal Insurance Contribution Act	91	764	744	(20)
	Health insurance	53	723	712	(11)
	Life insurance	3	51	51	0
	Employees' Compensation Fund	43	318	318	0
	Subtotal	416	3,888	3,813	(75)
13	Unemployment Compensation	0	0	0	0
21	Travel and transportation of persons				
	Common carrier	0	240	228	(12)
	Mileage	0	13	13	0
	Per diem/actual	0	108	106	(2)
	Vehicular	0	31	31	0
	Other	0	43	43	0
	Subtotal	0	435	421	(14)
22	Transportation of things	0	10	10	0
23.1	Rental payments to GSA	137	4,178	4,178	0
23.2	Rental payments to others	0	82	82	0

Exhibit 17

Department of Commerce
General Administration
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
23.3	Commun., util., and misc. charges				
	Rental of ADP equipment	0	1	1	0
	Rental of office copying equipment	0	3	3	0
	Other equipment rental	0	3	3	0
	Federal Telecommunications System	0	280	280	0
	Other telecommunications services	0	442	430	(12)
	Postal Service by USPS	0	118	116	(2)
	Other	0	27	27	0
	Subtotal	0	874	860	(14)
24	Printing and reproduction				
	Publications	0	990	990	0
	Other	36	250	241	(9)
	Subtotal	36	1,240	1,231	(9)
25.1	Consulting services				
	Management & professional support services	0	0	0	0
	Studies, analyses, & evaluation	0	0	0	0
	Engineering & technical services	0	0	0	0
	Subtotal	0	0	0	0

Department of Commerce
General Administration
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 17

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
25.2	Other services				
	Training:				
	University	0	14	14	0
	Other	0	110	110	0
	Maintenance of equipment	0	20	20	0
	ADP services	0	10	10	0
	Telecommunications services	0	95	95	0
	Other non-government contracts	0	240	240	0
	Other	129	538	538	0
		------	------	------	------
	Subtotal	129	1,027	1,027	0
25.3	Purchases of goods and services from Gov't accounts				
	Office of Personnel Management	0	10	10	0
	GSA reimbursable services	0	2	2	0
	Payments to GA, WCF	2,254	5,114	5,011	(103)
		------	------	------	------
	Subtotal	2,254	5,126	5,023	(103)
26	Supplies and materials				
	Office supplies	6	257	247	(10)
	ADP supplies	3	44	44	0
	Other	0	32	32	0
		------	------	------	------
	Subtotal	9	333	323	(10)

Exhibit 17

Department of Commerce
General Administration
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
31	Equipment				
	Office machines and equipment	16	596	596	0
	ADP hardware	2	52	52	0
	ADP software	2	62	62	0
	Other	0	28	28	0
	Subtotal	20	738	738	0
99	Total Obligations	4,168	37,210	36,727	(483)
	Less prior year recoveries	0	0	0	
	Total Budget Authority	4,168	37,210	36,727	(483)

Exhibit 18

Department of Commerce
General Administration
Salaries and Expenses
ACTIVITY/SUBACTIVITY CHANGE CROSSWALK
Part 1 - 1994 Structure
(Dollar amounts in thousands)

1994 Structure	1995 Direct Obligations	1995 Structure
Activity: Executive Direction		Activity: Salaries and Expenses
Secretary	1,324	Merged with Executive Direction
Deputy Secretary	1,283	Merged with Executive Direction
Executive Secretariat	1,517	Merged with Executive Direction
Chief Financial Officer and Assistant Secretary for Administration	1,075	Merged with Executive Direction
Activity: Departmental Staff Services		
Space Commerce	532	Merged with Executive Direction
General Counsel	2,147	Merged with Executive Direction
Legislative and Intergovernmental Affairs	1,952	Merged with Executive Direction
Public Affairs	1,259	Merged with Executive Direction
Business Liaison	1,196	Merged with Executive Direction
Consumer Affairs	440	Merged with Executive Direction
Director for Federal Assistance and Management Support	1,938	Merged with Departmental Staff Services
Director for Financial Management	2,379	Merged with Departmental Staff Services
Director for Information Resources Management	2,713	Merged with Departmental Staff Services
Director for Human Resources Management	3,609	Merged with Departmental Staff Services
Direcctor for Civil Rights	1,483	Merged with Departmental Staff Services
Director for Budget, Planning and Organization	6,092	Merged with Departmental Staff Services
Director for Procurement and Administrative Services	5,788	Merged with Departmental Staff Services

Exhibit 19

Department of Commerce
General Administration
Salaries and Expenses
ACTIVITY/SUBACTIVITY CHANGE CROSSWALK
Part 2 - 1995 Structure
(Dollar amounts in thousands)

	1991 Actual	1992 Actual	1993 Actual	1994 Currently Available	1995 Estimate
Activity: Salaries and Expenses					
Subactivity:					
Executive Direction	8,252	9,004	9,914	11,701	12,725
Departmental Staff Services	21,168	21,840	23,037	21,341	24,002
Total Direct Obligations	29,420	30,844	32,951	33,042	36,727

Exhibit 31

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Salaries and Expenses
APPROPRIATION SUMMARY STATEMENT

Appropriation: Salaries and Expenses

The appropriation "Salaries and Expenses" provides for the executive direction of the Department of Commerce; for the principal support to the Secretary in formulating policy on National and Governmental issues and providing advice to the President; and for Departmental staff services in formulating internal Departmental policy and establishing the framework for Departmental operations.

The budget request for "Salaries and Expenses" for 1995 is $36,727,000, which includes adjustments to base of +$4,168,000 and program decreases of -$483,000.

Exhibit 33

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Salaries and Expenses
Appropriation Language and Code Citations

Appropriation: Salaries and Expenses

1. For expenses necessary for the general administration of the Department of Commerce provided for by law,

15 U.S.C. 1501

15 U.S.C. 1501 provides that: "There shall be...the Department of Commerce, and a Secretary of Commerce, who shall be the head thereof..." The sections which follow 15 U.S.C. 1501 establish various Assistant Secretaries and define general powers and duties of the Department.

2. Including not to exceed $3,000 for official entertainment, $36,727,000.

No specific authority

5 U.S.C. 5536 prohibits additional pay or allowance to employees unless the appropriation therefore specifically states that it is for the additional pay or allowance.

Exhibit 34

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Salaries and Expenses
CONSULTING AND RELATED SERVICES
(Obligations in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate
Consulting services	$419	$50	$50
Management and professional services	0	0	0
Special studies and analyses	0	0	0
Management and Support services for research and development	0	0	0
TOTAL	419	50	50

Human Resources Management experts and consultants are hired on a temporary or intermittent basis to perform highly specialized services that cannot be performed by available personnel, such as:

- Providing advice and assistance to the Deputy Secretary for a wide range of speechwriting and media related activities.
- Providing advice and assistance to the Assistant Secretary for Administration on the analysis of critical policy and program issues that concern major administrative management functions of the Department.
- Providing advice for the public and assistance to the Secretary of Commerce for the formulation of policy on National and Governmental issues.

Exhibit 35

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Salaries and Expenses
PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS
(Obligations in thousands)

	1993 Actual	1994 Estimate	1995 Estimate	1996 Estimate
Periodicals	$24	$25	$25	$25
Pamphlets	18	20	20	20
Audiovisuals	0	0	0	0
TOTAL	42	45	45	45

Pamphlets

Pursuant to 15 U.S.C. 1519, the Secretary of Commerce must make a report in writing to Congress giving an account of all monies received and disbursed by the Department. He must also describe the work done by the Department in fostering, promoting and developing the foreign and domestic commerce, the mining, manufacturing and fishery industries of the U.S., and make such recommendations as he shall deem necessary for the effective performance of the duties and purposes of the Department. In addition to the description and accomplishments of the Department and its various units, this report includes a directory of key officials, and a summary of employment and financing for the past year.

Exhibit 36

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Salaries and Expenses
AVERAGE GRADES AND SALARIES

	1993 Actual	1994 Estimate	1995 Estimate
Average ES Grade	4.18	4.18	4.18
Average GS/GM Grade	11.10	10.62	10.63
Average GS/GM Salary	$42,977	$39,982	$41,771

Exhibit 5

Department of Commerce
General Administration
Working Capital Fund
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	Budget Authority	FTE	Direct Obligations
Amount available for FY 1994 as shown in 1995 President's budget	715		696	65,135
less: Obligations from prior years	0		0	0
plus: 1995 Adjustments to base	6		6	1,642
less: Prior year recoveries	0		0	0
1995 Base	721		702	66,777
less: Administrative savings	0		0	(612)
less: FTE reduction	(10)		(10)	(483)
less: Re-estimate of FTE	(10)		(10)	0
plus: 1995 Program changes	0		0	4,327
1995 Estimate	701		682	70,009

Comparison by activity		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Departmental Staff Services. .	Pos./BA	543	...	528	...	530	...	512	...	(18)	0
	FTE/Obl.	464	56,819	511	55,047	513	57,127	495	60,125	(18)	2,998
General Counsel.	Pos./BA	161	...	165	...	169	...	167	...	(2)	0
	FTE/Obl.	155	15,043	164	14,065	168	14,967	166	15,236	(2)	269
Public Affairs	Pos./BA	22	...	22	...	22	...	22	...	0	0
	FTE/Obl.	20	2,168	21	1,927	21	2,007	21	1,972	0	(35)
Subtotal	Pos./BA	726	0	715	0	721	0	701	0	(20)	0
	FTE/Obl.	639	74,030	696	71,039	702	74,101	682	77,333	(20)	3,232
Less Intra-Fund Transfers. .			(6,813)		(5,904)		(7,324)		(7,324)		
Total Requirements			67,217		65,135		66,777		70,009		

Exhibit 8

Department of Commerce
General Administration
Working Capital Fund
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Transfers:		
From: "Operations, Research and Facilities", National Oceanic and Atmospheric Administration	3	221
"Scientific and Technical Research and Services", National Institute of Standards and Technology	1	69
To: "Operations, Research and Facilities", National Oceanic and Atmospheric Administration	(5)	(296)
"Salaries and Expenses", Economic and Statistical Analysis	(2)	(101)
"Office of Inspector General", General Administration	(1)	(85)
Centralization of the Department's Workers' Compensation Program	10	779
Subtotal, Transfers	6	587
Other changes:		
1995 Pay Raise		386
1994 Locality Pay Raise		1,355
Within-grade step increases		378
Change in compensable days		(126)
Civil Service Retirement System (CSRS)		(78)
Federal Employees Retirement System (FERS)		144
Thrift Savings Plan		22
Federal Insurance Contributions Act (FICA)-OASDI		44
Health insurance		129
Rental payments to GSA		189
Printing and reproduction		31
Workload Changes	—	(1,419)
Subtotal, Other changes	0	1,055
Total, Adjustments to Base	6	1,642

Department of Commerce
General Administration
Working Capital Fund
DETAILED ADJUSTMENTS TO BASE AND PROGRAM CHANGES
(Dollar amounts in thousands)

	FTE	Amount
Transfers:		
From "Operations, Research and Facilities", National Oceanic and Atmospheric Administration . . . . For legal support for the National Oceanic and Atmospheric Administration, 3 FTE are transferred to the Office of the General Counsel in the General Administration "Working Capital Fund". The Working Capital Fund billings will reflect the increased cost of $221,000.	3	221
From "Scientific and Technical Research and Services", National Institute of Standards and Technology . . . For legal support for the National Institute of Standards and Technology, 1 FTE is transferred to the Office of the General Counsel in the General Administration "Working Capital Fund". The Working Capital Fund billings will reflect the increased cost of $69,000.	1	69
Centralization of the Department's Workers' Compensation Program . . . . For centralization of Workers' Compensation Program 10 FTE will be transferred from the following bureaus; "Salaries and Expenses", Patent and Trademark Office, 1 FTE; "Operations, Research and Facilities", National Oceanic and Atmospheric Administration, 4 FTE; "Scientific and Technical Research and Services", National Institute of Standards and Technology, 1 FTE; "Periodic Censuses and Programs", Bureau of the Census, 4 FTE. The Working Capital Fund billings will reflect the increased cost of $779,000.	10	779
To "Operations, Research and Facilities", National Oceanic and Atmospheric Administration . . . . The administrative law judge function involving National Oceanic and Atmospheric Administration (NOAA) program activities is transferred from the "Working Capital Fund", General Administration to "Operations, Research and Facilities", National Oceanic and Atmospheric Administration. Five (5) FTE will be transferred with a subsequent decrease in Working Capital Fund billings to NOAA of $296,000.	(5)	(296)
To "Salaries and Expenses", Economic and Statistical Analysis . . . . The Office of Human Resources Management will transfer 2 FTE from the "Working Capital Fund", General Administration to "Salaries and Expenses", Economic and Statistical Analysis (ESA), with a subsequent decrease in Working Capital Fund billings to ESA of $101,000.	(2)	(101)
To "Office of Inspector General", General Administration . . . . The Office of Procurement and Administrative Services will transfer 1 FTE from the "Working Capital Fund", General Administration to "Office of Inspector General", General Administration to provide support in reviewing major Departmental System Procurements. The Working Capital Fund billings will decrease by $85,000.	(1)	(85)
Subtotal, Transfers	6	587

		FTE	Amount
Other changes:			
FY 1995 Pay Raise			386

The general pay raise of 1.6 percent is assumed to be effective the first full pay period after January 1, 1995.

Total cost of 1995 pay increase	386
Less amount absorbed in FY 1995	...
Amount requested for FY 1995 pay increase	386

		FTE	Amount
1994 Locality pay raise			1,355

A locality pay raise was implemented in January 1994.

Total cost in 1995 of 1994 locality pay raise	1,355,000
Less amount funded in 1994	0
Less amount absorbed	0
Amount requested in 1995 to provide full year cost of 1994 locality pay raise	1,355,000

		FTE	Amount
Within-grade step increases			378

An increase of $378,455 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 1995.

Estimated number of within-grade step increases	395
Step increases not earned due to turnover (19.3% x 395)	76
Average step above step 1 per separation	2
Average cost of within-grade step increase	1,350
Gross cost of scheduled step increases ($1,350 x 395)	533,250
Less: Savings from separations	(205,200)
Subtotal, Personnel Compensation	328,050
Personnel Benefits	50,405
Adjustment to Base for 1995	378,455

		FTE	Amount
Change in compensable days			(126)

The cost of one less compensable day in 1995 compared to 1994 is calculated by dividing the 1994 estimated personnel compensation ($27,956,000) and applicable benefits ($4,883,000) by 261 compensable days. This will result in a decrease of $125,820 in the cost for one less compensable day.

		FTE	Amount
Civil Service Retirement System (CSRS)			(78)

The estimated percentage of payroll for CSRS employees will drop from 55.20 percent in 1994 to 51.10 percent in 1995. This will result in a decrease of $77,947 in the cost of CSRS contributions, from $1,049,424 to $971,477.

FY 1995 CSRS basic benefits ($27,159,000 x .5110 x .07)	$971,477
FY 1994 CSRS basic benefits ($27,159,000 x .5520 x .07)	1,049,424
Adjustment to Base for FY 1995	(77,947)

		FTE	Amount
Federal Employees' Retirement System (FERS)			144
The estimated percentage of payroll for eligible employees covered by FERS will rise from 44.80 percent in 1994 to 48.90 percent in 1995.			
Basic benefit cost in 1995 ($27,159,000 x .489 x .129)	1,713,217		
Basic benefit cost in 1994 ($27,159,000 x .448 x .129)	1,569,573		
Adjustment to base for FY 1995	143,644		
Thrift Savings Plan			22
The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The percentage of payroll for employees covered by FERS will increase by 4.1 percentage points, from 44.80 percent in 1994 to 48.90 percent in 1995. We estimate the agency contributions will be 2 percent. The increased costs for contributions to the Thrift Savings Plan are:			
1995 Thrift Savings Plan ($27,159,000 x .489 x .02)	265,615		
1994 Thrift Savings Plan ($27,159,000 x .448 x .02)	243,345		
Adjustment to Base for FY 1995	22,270		
Federal Insurance Contributions Act (FICA)		...	44
The percentage of payroll paying OASDI will increase from 44.8% to 48.90%. The percentage of salaries covered by OASDI will decrease from 96.63% to 94.07% and the maximum salary subject to FICA tax will rise to $61,050 in FY 1995 from $60,150 in FY 1994. This will result in an increase of $44,368 as follows:			
OASDI:			
FERS OASDI tax in 1995 ($27,159,000 x .489 x .9407 x .062)	774,579		
FERS OASDI tax in 1994 ($27,159,000 x .448 x .9663 x .062)	728,946		
Increase (1995-1994)	45,633		
OASDI tax in 1995 ($797,000 x .9407 x .062)	46,484		
OASDI tax in 1994 ($797,000 x .9663 x .062)	47,749		
Increase (1995-1994)	(1,265)		
Total OASDI Increase	44,368		
Health Insurance			129
The cost of the U.S. Government's contribution to the Federal Employees' health insurance plans increased by 9.2%. Against estimated costs of $1,398,844, the increase in the Government's contribution to health benefits is $128,694.			
GSA Space Rental			189
GSA has provided a preliminary average increase for FY 1995 of 3.1 percent. This percentage was applied to the revised FY 1994 estimate of $6,104,000 for an increase of $189,224.			
GPO Printing			31
GPO has provided an estimated rate increase of 3.0 percent. This percentage was applied to the FY 1994 estimate of $1,020,000 for an increase of $30,600.			

	FTE	Amount
Workload Changes Net workload changes of -$1,419,000 result from changes in numerous functional areas within the Working Capital Fund.		(1,419)
Subtotal, Other changes	0	1,055
Total, Adjustments to Base	6	1,642
1995 Program changes:		
Administrative Savings Pursuant to Executive Order 12837, Deficit Control and Productivity Improvement in the Administration of the Federal Government, there will be a savings of $612,000 in 1995 for administrative expenses.		(612)
FTE reduction Pursuant to Executive Order 12839, Reduction of 100,000 Federal Positions, there will be a reduction of 10 FTE and $483,000 in 1995.	(10)	(483)
Re-estimate of FTE In order to support the 1995 Working Capital Fund level of operation, a reduction of 10 FTE is necessary.	(10)	
Security Programs With the change in OPM billing procedures, the security background investigations requested by all bureaus in the Department will no longer be billed directly to the Department and funded through the WCF. OPM will bill each bureau in the Department directly.		(350)
Personnel Operations This increase provides $166,000 to maintain the appropriate level of personnel operations support services to keep up with the increased workload experienced by client bureaus.		166
Human Resources Development System This increase is for $463,000 for the Human Resources Development System which provides official personnel data on-line to program managers, administrative staff and budget planners.		463
PERSACTION This increase is for $189,000 for the continued deployment of an electronic personnel system (PERSACTION) for managing the entire personnel process. The system is being developed through a consortium of Federal agencies using a proven DOD personnel action tracking system.		189
NFC System This increase is for $248,300 for additional system development and ADP maintenance costs anticipated by the Department of Agriculture's National Finance Center.		248

	FTE	Amount
Employment Programs		100
This increase is for $100,000 to implement the Omnibus Transportation Employee Testing Act of 1991 which expands drug testing to include employees with commercial driver's licenses and designated positions requiring a secret clearance.		
EEO Complaints		288
This increase is for $288,000 to handle the continued increase in the number of EEO complaints generated by the Civil Rights Act of 1991. Additional in-house investigators (249,000) and clerical support for affirmative action (39,000) are needed to pursue a vigorous dispute resolution program and presents the best opportunity to cut overall investigative costs.		
HCHB Security		204
This increase is for $204,000 to fund the additional security for the Great Hall visitors center, to cover security costs associated with Department of Labor hourly wage determinations and physical security for the Secretary due to extensive travel requirements.		
Safety and Health		57
This increase is for $57,000 to provide funding for anticipated health services contract cost increases covering the Washington Metropolitan area.		
HCHB Management		51
This increase is for $51,000 to cover costs associated with coordinated efforts to prepare Departmental facilities and for the increased occurrences of special events and other unplanned activities.		
General Counsel Operations		285
This increase is for $285,000 to provide legal support in the Employment and Labor Law division due to increased employment-related litigation associated with the 1991 Civil Rights Act and increased workload associated with the Federal Assistance programs for the American Business Centers (ITA) and the Technology Reinvestment Program, Advanced Technology Program, and the Manufacturing Technology Center (NIST).		
General Counsel-Import Administration		145
This increase is for $145,000 to provide legal support for the FY 1993 Import Administration program increase in the International Trade Administration.		
General Counsel-International Trade Administration		110
This increase is for $110,000 to provide legal support in the areas of Environmental Trade Development and U.S. and Foreign Commercial Service. This increase is directly related to program initiatives being presented in the ITA budget submission.		

	FTE	Amount
Commerce Administrative Management System . . . . This increase is for $2,371,000 to provide funding for the sustained multi-year development and implementation of the Commerce Administrative Management System including the Departmental financial management system.		2,371
Total, 1995 Program Changes	(20)	3,232

Department of Commerce
General Administration
Working Capital Fund

Goals and Objectives

Goals and Objectives: To provide necessary services to clients in the most efficient and effective manner possible consistent with Government-wide and Departmental policy. These services include support in the areas of Human Resources Management, Civil Rights, Federal Assistance and Management Support, Financial Management, Procurement and Administrative Services, Information Resources Management, Administrative Law, General Counsel and Public Affairs.

Base Program

Departmental Staff Services:

Director for Human Resources Management	Implements Government-wide and Departmental policies, programs and activities in all aspects of human resources management and administration including recruitment and placement, classification, payroll support and administration, incentive awards, training and development, employee and labor relations, unemployment and workers' compensation, employee benefits and drug testing.
Director of Civil Rights	Conducts discrimination complaint investigations and adjudications, provides equal employment program support and affirmative action program support to selected operating units.
Director for Federal Assistance and Management Support	Provides budget functions for all appropriations under General Administration. Provides controllership functions for the Department's Working Capital Fund and financial support and guidance Department-wide on matters concerning the Working Capital Fund. Performs federal assistance administrative duties and responsibilities to ensure that federal assistance actions comply with Departmental procedures and provides travel management support for the Department.
Director for Financial Management	Implements policies and procedures for Departmental financial management, provides the management and operation of a primary accounting system for the Office of the Secretary and selected bureaus, and provides consolidated financial reporting.
Director for Procurement and Administrative Services	Implements the Federal work space reduction programs within DOC; implements policies and procedures for programs of physical, information and personnel security; manages programs for consolidating DOC printing and publishing activities, transportation services, directory and distribution functions, warehousing and provides occupational safety and health programs. Continues improvement of conditions at HCHB for all tenant organizations and implements and coordinates DOC-wide building management responsibilities. Continues implementation of the Small Purchase System, Commerce Procurement Data System, Automated Procurement Data System, CONTRACK, Security Management Information System, Real Estate and Space Management Information Systems (RSMIS), and the Personal Property System.
Director for Information Resources Management	Provides operational computer support to Office of the Secretary components and designated Commerce bureaus and programs including the Export Control Automated Support System, Department-wide administrative systems, Minority Business Development Centers and technical information order processing systems. Upgrades and integrates Departmental Administrative Systems including Management Information, Real and Personal Property, Telecommunications Management, and Procurement systems.
Administrative Law Judge	Conducts legal hearings and adjudication functions Department-wide.

General Counsel	Provides legal advice, guidance and services on matters involving all Departmental programs and components. Supervises the development of the Department's legislative program and continues to improve on the delivery of effective legal services for the growing needs of major programs.
Public Affairs	Promotes public understanding and support of DOC programs, services and consumer issues. Ensures continuity and cost-effective management of DOC public affairs programs. Acts as the primary point of contact on DOC issues for the White House and Federal departments and agencies.

Department of Commerce
General Administration
Working Capital Fund
(Dollar amounts in thousands)

	FY 1993		FY 1994		FY 1995	
	FTE	Amount	FTE	Amount	FTE	Amount
Departmental Staff Services:						
Director for Human Resources Management	88	11,643	89	13,223	96	15,258
Director of Civil Rights	12	1,243	14	1,009	14	1,328
Director for Federal Assistance and Management Support	34	2,278	35	2,637	34	2,714
Director for Financial Management	48	5,736	47	3,979	46	6,451
Director for Procurement and Administrative Services	199	26,837	239	24,259	224	24,554
Director for Information Resources Management	76	8,844	80	9,378	79	9,550
Administrative Law Judge	7	238	7	562	2	270
Subtotal, Departmental Staff Services	464	56,819	511	55,047	495	60,125
General Counsel	155	15,043	164	14,065	166	15,236
Public Affairs	20	2,168	21	1,927	21	1,972
Subtotal	639	74,030	696	71,039	682	77,333
Less Intra-Fund Transfers	0	(6,813)	0	(5,904)	0	(7,324)
Total Requirements	639	67,217	696	65,135	682	70,009

Department of Commerce
General Administration
Working Capital Fund
Distribution by Bureau
(Dollar amounts in thousands)

	FY 1993	FY 1994	FY 1995
Office of the Secretary	$5,875	$5,058	$5,121
International Trade Administration	12,740	12,579	13,128
Economic Development Administration	2,473	2,901	3,030
National Telecommunications and Information Administration	1,474	1,486	1,516
National Technical Information Service	3,116	3,565	3,904
Bureau of the Census	7,249	7,475	8,606
Economic and Statistical Analysis	2,647	3,046	3,049
U.S. Travel and Tourism Administration	649	812	828
National Oceanic and Atmospheric Administration	13,671	11,754	13,205
National Institute of Standards and Technology	2,649	2,355	2,747
Patent and Trademark Office	4,508	3,941	4,384
Minority Business Development Agency	1,918	2,381	2,454
Bureau of Export Administration	5,251	5,239	5,620
Office of Inspector General	724	1,126	978
Technology Administration	968	659	693
Other Agencies	1,305	758	746
Total	67,217	65,135	70,009

Mr. MOLLOHAN. Here to testify in support of this request is Thomas R. Bloom, Assistant Secretary for Administration and Chief Financial Officer for the Commerce Department.

Since this is your first appearance before the Subcommittee, your biographical sketch will be inserted into the record. We welcome you to the hearing, and if you will introduce those at the table with you, you may proceed with your oral statement.

OVERVIEW OF STATEMENT

Mr. BLOOM. I have with me today Uriel Gottesman, who is Director of Budget Operations for General Administration.

Mr. MOLLOHAN. Welcome.

Mr. GOTTESMAN. Thank you.

Mr. BLOOM. Thank you, Mr. Chairman. I am pleased to present the Fiscal Year 1995 budget request for Commerce, General Administration, Salaries and Expenses appropriation.

We are requesting $36.7 million, which is an increase of $3.7 million above the 1994 appropriation. No program increases are proposed; however, program savings of about a half a million dollars are included. This cut reflects our share of the President's FTE and administrative cost reductions.

We are requesting adjustments to base of approximately $4.2 million for costs to maintain last year's level of effort. Of this amount, about $2.2 million will fund Fiscal Year 1994 amounts transferred from the NIST construction and working capital fund. Two million dollars is needed for cost increases covering: the auditing of the financial statements required by the CFO Act of 1990, locality pay, the anticipated general pay raise effective January 1995, and other similar items.

Since this is my first appearance before the subcommittee, I would like to take a few moments to discuss some of my major priorities and some major priorities of Secretary Brown.

As the Department's Chief Financial Officer, I have a keen interest in the Department's plans to modernize and reinvent its financial and administrative management systems. The Secretary and Deputy Secretary have assured me of their full support to improve the quality of our financial services and to streamline and simplify our administrative and management processes.

In the brief time I have been at Commerce, I have had the opportunity to speak with many Department officials and can personally report that improved financial and administrative management systems are sorely needed and are very much wanted by our bureaus. By taking advantage of modern technology, we can make significant productivity improvements in our administrative and management programs.

We have finalized a solicitation document to acquire a financial system for the Department in fiscal year 1994. During 1994, we will also define our requirements analysis for standard Commerce-wide procurement, personal property and travel management systems and will begin preparing the necessary documentation to acquire these systems in 1995.

We have followed the subcommittee's guidance, as provided in your reports, and are funding this project, which we call the CAMS project, with $2.4 million in 1994 through the General Administration working capital fund. With your support, we will continue this method of funding in the future.

One of Secretary Brown's top initiatives is to implement appropriate recommendations of the President's National Performance Review and our own Commerce performance review. American companies have modernized their management and increased their productivity. The Secretary believes that equally dramatic improvements can be effected at the Department of Commerce.

Our Commerce performance review brings together some of the same techniques applied in the private sector such as: Strategic planning, business process reengineering, selective rightsizing and organizational streamlining. This businesslike management of our internal resources creates an environment that encourages innovation and focuses on a pragmatic, results-oriented, bottom-line approach.

We solicited ideas from the Department's employees, managers and supervisors. The response was heartening. We received over 8,000 ideas, 50 detailed proposals from crosscutting teams and 100 focus group recommendations. In addition, five reinvention laboratories were started. We are expecting that new, innovative ways to do our business at Commerce will emerge.

We have taken a wide range of actions all designed to either streamline our operations or to reduce needless barriers imposed on program managers.

Mr. Chairman, this concludes my statement, and I would be more than happy to answer any questions.

Mr. MOLLOHAN. Thank you. It sounds like you have been busy.

[The biographical sketch and prepared statement of Mr. Bloom follow:]

THOMAS R. BLOOM

Mr. Bloom is serving as the Chief Financial Officer and Assistant Secretary for Administration at the Department of Commerce.

Prior to joining the Department of Commerce, Mr. Bloom was an audit partner with the national certified public accounting firm, Kenneth Leventhal & Company in their Dallas and Washington, D.C. offices from 1988 - 1993. He was the firm's Director of Governmental Services and Co-chair of firm's Financial Institution Practice.

Mr. Bloom served at the Federal Home Loan Bank System from 1985 - 1988, as an Accounting Fellow and then as the Chief Accountant. As the top accounting authority for regulation of the thrift industry, he managed the SEC accounting review function for the Bank System and was the head of the Field Support Group which was responsible for the development and implementation of all accounting and auditing policy for the troubled thrift industry.

Mr. Bloom's other experience includes nine years with two international public accounting firms rising from junior staff accountant to partner. He also served as the Comptroller for a Michigan college in the early 1980s.

Mr. Bloom is a certified public accountant licensed in the states of Michigan and Texas. He earned his bachelor's degree in business administration with a major in accounting from the University of Michigan in 1976. He is married to Sara Nelson Bloom and resides in McLean, Virginia.

OPENING STATEMENT BY THOMAS R. BLOOM
CHIEF FINANCIAL OFFICER AND
ASSISTANT SECRETARY FOR ADMINISTRATION
BEFORE THE SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
APRIL 13, 1994

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM PLEASED TO PRESENT THE FY 1995 BUDGET REQUEST FOR COMMERCE'S GENERAL ADMINISTRATION, SALARIES AND EXPENSES APPROPRIATION. WITH ME TODAY IS URIEL GOTTESMAN, DIRECTOR OF BUDGET OPERATIONS FOR GENERAL ADMINISTRATION.

WE ARE REQUESTING $36.7 MILLION, AN INCREASE OF $3.7 MILLION ABOVE THE FY 1994 APPROPRIATION. NO PROGRAM INCREASES ARE PROPOSED; HOWEVER, PROGRAM SAVINGS OF $483,000 ARE INCLUDED. THIS CUT REFLECTS OUR SHARE OF THE PRESIDENT'S FTE AND ADMINISTRATIVE COST REDUCTIONS.

WE ARE REQUESTING ADJUSTMENTS TO BASE OF $4,168,000 FOR COSTS TO MAINTAIN LAST YEARS LEVEL OF EFFORT. OF THIS AMOUNT, $2,172,000 WILL FUND FY 1994 AMOUNTS TRANSFERRED FROM THE NIST WCF AND REQUESTED FROM EDA. $1,996,000 IS NEEDED FOR COST INCREASES COVERING: THE AUDITING OF FINANCIAL STATEMENTS REQUIRED BY THE

CHIEF FINANCIAL OFFICERS ACT, LOCALITY PAY, THE ANTICIPATED GENERAL PAY RAISE EFFECTIVE JANUARY 1995, AND OTHER SIMILAR ITEMS.

SINCE THIS IS MY FIRST APPEARANCE BEFORE THE SUBCOMMITTEE, I WOULD LIKE TO TAKE A FEW MOMENTS TO DISCUSS SOME OF MY PRIORITIES AND THE MAJOR INITIATIVES SECRETARY BROWN HAS ASKED ME TO UNDERTAKE.

AS THE DEPARTMENT'S SECOND CHIEF FINANCIAL OFFICER, I HAVE A KEEN INTEREST IN THE DEPARTMENT'S PLANS TO MODERNIZE AND REINVENT ITS FINANCIAL AND ADMINISTRATIVE MANAGEMENT SYSTEMS. THE SECRETARY AND DEPUTY SECRETARY HAVE ASSURED ME OF THEIR FULL SUPPORT TO IMPROVE THE QUALITY OF OUR FINANCIAL SERVICES, AND TO STREAMLINE AND SIMPLIFY OUR ADMINISTRATIVE AND MANAGEMENT PROCESSES. IN THE BRIEF TIME I HAVE BEEN AT COMMERCE, I HAVE HAD THE OPPORTUNITY TO SPEAK WITH MANY DEPARTMENT OFFICIALS AND CAN PERSONALLY REPORT THAT IMPROVED FINANCIAL AND ADMINISTRATIVE MANAGEMENT SYSTEMS ARE SORELY NEEDED AND VERY MUCH WANTED. THE DEFICIENCIES OF OUR EXISTING SYSTEMS HAVE BEEN ADDRESSED BY MY PREDECESSOR AND THE DEPARTMENT'S INSPECTOR GENERAL AT SOME LENGTH IN PREVIOUS TESTIMONY BEFORE THIS SUBCOMMITTEE. BY TAKING ADVANTAGE OF MODERN TECHNOLOGY, WE CAN MAKE SIGNIFICANT PRODUCTIVITY IMPROVEMENTS IN OUR ADMINISTRATIVE AND PROGRAM MANAGEMENT.

I HAVE BEEN TOLD OF THE SUBCOMMITTEES INTEREST IN FINANCIAL

MANAGEMENT. DURING THE PAST YEAR WE BEGAN OPERATING A DEPARTMENTAL FINANCIAL AND ADMINISTRATIVE SYSTEMS IMPLEMENTATION CENTER. THE CENTER WILL HELP GUIDE THE MANY COMPLEX MULTI-YEAR, EFFORTS NEEDED TO PLAN, DEVELOP AND IMPLEMENT THE DEPARTMENT-WIDE COMMERCE ADMINISTRATIVE MANAGEMENT SYSTEM (CAMS). TO DATE, THE CENTER HAS REFINED THE DEPARTMENT-WIDE FUNCTIONAL AND TECHNICAL REQUIREMENTS FOR A FINANCIAL SYSTEM. WE HAVE COMPLETED EXTENSIVE MARKET RESEARCH OF FEDERAL FINANCIAL MANAGEMENT SYSTEMS AVAILABLE COMMERCIALLY AND IN THE PUBLIC DOMAIN; WE HAVE PREPARED AND ISSUED A REQUEST FOR INFORMATION FOR A COMMERCE-WIDE FINANCIAL SYSTEM; AND USING INPUT FROM THE VENDORS RESPONDING TO OUR REQUEST FOR INFORMATION, WE HAVE FINALIZED A SOLICITATION DOCUMENT TO ACQUIRE A FINANCIAL SYSTEM FOR THE DEPARTMENT IN FY 1994. DURING FY 1994, WE WILL ALSO DEFINE OUR REQUIREMENTS ANALYSIS FOR STANDARD, COMMERCE-WIDE PROCUREMENT, PERSONAL PROPERTY AND TRAVEL MANAGEMENT SYSTEMS AND BEGIN PREPARING THE NECESSARY DOCUMENTS TO ACQUIRE THESE SYSTEMS IN FY 1995.

WE HAVE FOLLOWED THE SUBCOMMITTEE'S GUIDANCE, AS PROVIDED IN YOUR REPORTS, AND ARE FUNDING CAMS WITH $2.4 MILLION IN FY 1994 THROUGH THE GENERAL ADMINISTRATION WORKING CAPITAL FUND. WITH YOUR SUPPORT, WE WILL CONTINUE THIS METHOD OF FUNDING IN THE FUTURE.

ONE OF SECRETARY BROWN'S TOP INITIATIVES IS TO IMPLEMENT APPROPRIATE RECOMMENDATIONS OF THE PRESIDENT'S NATIONAL

PERFORMANCE REVIEW. AMERICAN COMPANIES HAVE MODERNIZED THEIR MANAGEMENT AND INCREASED THEIR PRODUCTIVITY. THE SECRETARY BELIEVES EQUALLY DRAMATIC IMPROVEMENTS SHOULD BE EFFECTED IN THE DEPARTMENT OF COMMERCE. TWO EXAMPLES OF NPR RECOMMENDATIONS THAT AFFECTED THE COMMERCE 1995 BUDGET ARE THE TRADE POLICY COORDINATING COMMITTEE'S DEVELOPMENT OF A GOVERNMENT-WIDE EXPORT PROGRAM BUDGET AND THE COMMERCE/NASA/DEFENSE POLAR-SATELLITE CONVERGENCE PLAN. ITA DESCRIBED TO YOU IN THEIR HEARING THE EFFORTS OF THE TRADE PROMOTION COORDINATIONS COMMITTEE TO PRODUCE A UNIFIED EXPORT PROGRAM BUDGET. NOAA TOLD YOU OF THE POLAR CONVERGENCE STUDY. IT IS DUE TO BE SUBMITTED TO CONGRESS ON APRIL 30, AND WILL DESCRIBE A POSSIBLE $1.3 BILLION SAVINGS IN THE NEXT 10 YEARS.

OUR COMMERCE PERFORMANCE REVIEW BRINGS TO GOVERNMENT THE SAME TECHNIQUES APPLIED IN THE PRIVATE SECTOR SUCH AS: STRATEGIC PLANNING, BUSINESS PROCESS RE-ENGINEERING, SELECTIVE RIGHTSIZING, AND ORGANIZATIONAL STREAMLINING. THIS BUSINESS-LIKE MANAGEMENT OF OUR INTERNAL RESOURCES CREATES AN ENVIRONMENT THAT ENCOURAGES INNOVATION WHILE FOCUSSING ON A PRAGMATIC, RESULTS ORIENTED, BOTTOM-LINE APPROACH. WE SOLICITED IDEAS FROM THE DEPARTMENT'S MANAGERS, SUPERVISORS, AND EMPLOYEES. THE RESPONSE WAS HEARTENING. THE DEPARTMENT RECEIVED OVER 8000 IDEAS, 50 DETAILED PROPOSALS FROM CROSS-CUTTING TEAMS, AND 100 FOCUS GROUP RECOMMENDATIONS. IN ADDITION FIVE "REINVENTION LABORATORIES" WERE STARTED. WE ARE EXPECTING THAT NEW, INNOVATIVE WAYS TO DO

BUSINESS WILL EMERGE.

WE HAVE TAKEN A WIDE RANGE OF ACTIONS, ALL DESIGNED TO EITHER STREAMLINE OUR OPERATIONS OR TO REDUCE NEEDLESS BARRIERS IMPOSED ON PROGRAM MANAGERS. EXAMPLES INCLUDE:

- STREAMLINING OUR PROCUREMENT OPERATIONS THROUGH SUCH MEASURES AS INCREASING THE THRESHOLD FOR BANKCARD USE FROM \$1,000 TO \$2,500 AND INCREASING THE TOTAL AUTHORIZATION FOR SOME OFFICES TO \$10,000, THUS ELIMINATING NEEDLESS PAPERWORK AND PROCUREMENT DELAYS.

- INCREASING DOLLAR THRESHOLD AUTHORITY TO THE BUREAUS TO APPROVE ACQUISITION OF ADP RESOURCES (UP TO \$500,000) AND APPROVING SPECIFICATIONS AND STATEMENTS OF WORK TO SOLICIT INDUSTRY RESPONSES TO ADP REQUIREMENTS (UP TO \$2.5 MILLION.)

- MAKING TEMPORARY DELEGATIONS TO THE BUREAUS AND ASC PERSONNEL OFFICERS TO APPROVE ALL PERSONNEL MANAGEMENT MATTERS THAT HAD PREVIOUSLY BEEN REFERRED TO THE DEPARTMENT. WE PLAN TO MAKE THESE PERMANENT AT THE END OF THE YEAR.

MR. CHAIRMAN, THIS CONCLUDES MY REMARKS. I WILL BE GLAD TO ANSWER ANY QUESTIONS YOU HAVE.

DEPARTMENTAL FINANCIAL ADMINISTRATIVE SYSTEM IMPLEMENTATION CENTER

Mr. MOLLOHAN. In your statement, you refer to the establishment of a Departmental Financial Administrative System Implementation Center. What is the total cost of operating this center in fiscal year 1949?

Mr. BLOOM. In 1994, I believe it was a little more than $1 million.

Mr. MOLLOHAN. Will it continue to exist in 1995?

Mr. BLOOM. Yes, it will continue to exist throughout the implementation of our CAMS project.

Mr. MOLLOHAN. And just for the implementation of it, will it exist beyond that?

Mr. BLOOM. Probably not. Once the system is installed, up and running in all of the bureaus there should be no further need of the Center.

Mr. MOLLOHAN. What is included in the 1995 request for this center?

Mr. BLOOM. For the implementation center, it is about the same level as in 1994.

Mr. MOLLOHAN. Are the center's operating costs included in the $2.4 million funded under the working capital fund for the Commerce Administrative Management System, CAMS?

Mr. BLOOM. No, the $2.4 million is for software costs, implementation and acquisition of the system itself.

Mr. MOLLOHAN. Will the working capital fund continue to be the funding mechanism for the implementation center in the outyears?

Mr. BLOOM. Yes.

Mr. MOLLOHAN. Last year, the Department indicated that the CAMS system would cost about $41 million in total. Is that estimate still valid?

Mr. BLOOM. Yes. We believe it will be in the neighborhood of $41 million.

Mr. MOLLOHAN. More or less?

Mr. BLOOM. We hope less, but $41 million is still our best estimate. There is still a lot of work to be done.

Mr. MOLLOHAN. In your prepared statement and in your oral statement, you indicate that you have finalized a solicitation document to acquire a financial system for the Department in fiscal year 1994. Could you translate that and elaborate on that for us?

Mr. BLOOM. We anticipate the solicitation will go out to prospective vendors in May. We hope to have a selection by the end of the fiscal year, hopefully sometime in September. So the initial acquisition will be in 1994.

Mr. MOLLOHAN. What benefits do you perceive coming out of this system?

Mr. BLOOM. Our current financial management system isn't efficient. It is very labor intensive. The financial management data that we get from it isn't adequate to effectively manage, at least not as effective as we would like it to be. We expect the new system will increase our efficiency and our effectiveness. We will have much more timely financial information for our managers so that they can make those tough decisions in their programs.

Mr. MOLLOHAN. Are there any cost savings associated with this?

Mr. BLOOM. There may well be cost savings down the line. We are going to have to weigh what is more important, better information or cost savings. But in 1997, 1998, we will have a better handle on those kinds of things.

IMPACTS OF BUYOUTS

Mr. MOLLOHAN. Let me ask you, Mr. Bloom, what is the impact of the recently enacted Federal employee buyout legislation on the Department of Commerce?

Mr. BLOOM. We are going to implement buyouts on a bureau-by-bureau basis. We are definitely going to use it at the Department of Commerce. In fact, some of our bureaus have submitted to me proposals to implement immediately, others are waiting until October to implement it, depending on what their particular budget situations are. We estimate for Fiscal Year 1994 there will be about 20 employees who will take advantage of the buyout. We would expect that there would be considerably more in 1995.

Mr. MOLLOHAN. Have you done some kind of a survey or some kind of an inquiry that gives you an indication of how that will be distributed throughout the Department?

Mr. BLOOM. Yes, we did a survey. For instance, NOAA is going to implement their buyout immediately. They are going to have it take place in April of 1994, and then maybe it will open up again in 1995. Of course, they are a big part of our budget.

There are some bureaus that actually may not use buyouts because they are in a growth mode. Implementation of buyouts will be diverse because we are such a diverse Department. I think we will see a fair amount of difference in how each bureau uses buyouts.

Mr. MOLLOHAN. You say in the Department you are expecting 20. That is based on some kind of a study or survey?

Mr. BLOOM. Right. About 110 in 1994 will be from NOAA, 50 to 60 from Census, and the rest will be pretty much spread out over the rest of the Department. I am certainly encouraging our bureaus to use buyouts where appropriate.

Mr. MOLLOHAN. Is there a profile of the typical person that you think will be most attracted to the buyout?

Mr. BLOOM. Although I do not know what the profile is, I suspect there is pent-up demand of employees ready for retirement. We believe that some of the people have been waiting to retire to see what the buyout will look like. Those may be some of the ones who take advantage first. We do believe that it will be people with higher years of service for the most part.

Mr. MOLLOHAN. How will the one-for-one FTE reduction provision of the buyout legislation be implemented in the Department?

Mr. BLOOM. We are going to look at it on a Departmental-wide basis. In other words, if a bureau offers the buyout and loses FTE from that bureau, FTE will not necessarily be decreased. We are going to look at FTE on a Department-wide basis and do whatever is fair and evenhanded.

Mr. MOLLOHAN. With regard to your growth bureaus, how will you implement that?

Mr. BLOOM. We believe that through some of the reengineering processes we are trying with, NPR, that some of the bureaus, and also in the Office of the Secretary, that there will be some efficiencies we can make while our growth bureaus are properly staffed.

REENGINEERING PROCESSES

Mr. MOLLOHAN. What are reengineering processes?

Mr. BLOOM. Well, we are looking at how we do business. We are looking at some of the processes and things we do that may not add value. There are some steps in our processes that have been added over the years and not everybody knows why or what the benefit is. We are trying to eliminate the inefficient ways we do business.

Mr. MOLLOHAN. Can you talk about that a little more specifically and give us an example?

Mr. BLOOM. A good example was actually highlighted on the MacNeil/Lehrer report. At our Census Bureau where one of our census-takers who deals with the economic data, the unemployment data, goes out with a lap top computer and types in information, rather than filling out a form that would have to be transcribed and would have to go through two or three different processes. Instead she just plugs in her modem at night, sending the information to the central computer.

We have also done a fair amount of reengineering recently at EDA with the grant process. We found that the grant process takes an awful long time, and we are trying to reengineer that.

Mr. MOLLOHAN. You are just finding that out?

Mr. BLOOM. Well, no, we are not just finding that out, but we are making a significant amount of headway under Assistant Secretary Will Ginsberg's watchful eye.

Mr. MOLLOHAN. I know Mr. Rogers will be glad to hear that.

Mr. BLOOM. It is getting much better, Mr. Rogers.

Mr. ROGERS. If you will pardon me, I made an application when I was dark headed, and I still haven't heard anything.

Mr. MOLLOHAN. We will talk about this a little more. However, you are reengineering and you are going to effect some efficiencies and that way eliminate some positions so that you will have openings for this growth. Is that a fair statement?

Mr. BLOOM. Yes that is right. We are going to look at it on a Department-wide basis and we are going to use people where they can be most effective.

DOWNSIZING

Mr. MOLLOHAN. Where do you think that you would get the downsizing? Where do you think you can stand that, and where do you expect to increase?

Mr. BLOOM. The increases will be in our growth areas: NIST, EDA, and some of the NOAA projects.

Mr. MOLLOHAN. So am I correct that you will have to have some downsizing in other places?

Mr. BLOOM. Yes, yes, we will.

Mr. MOLLOHAN. And where do you expect that to take place?

Mr. BLOOM. I think over time, procurement.

Mr. MOLLOHAN. What is "over time"?

Mr. BLOOM. Over 1994, 1995, 1996.

Mr. MOLLOHAN. At the same time that you are going to have the growth, you are going to have to have the reductions?

Mr. BLOOM. Yes.

Mr. MOLLOHAN. Where are the reductions going to be?

Mr. BLOOM. Procurement, personnel, other administrative areas.

Mr. MOLLOHAN. Procurement and personnel across the agency?

Mr. BLOOM. Yes.

Mr. MOLLOHAN. How many do you expect to come out of that function?

Mr. BLOOM. I can't tell you exactly at this moment. I can submit something for the record.

Mr. MOLLOHAN. You have made some estimates, though, haven't you? You have been looking at this, haven't you?

Mr. BLOOM. We believe on the personnel side through 1996 we can downsize 25 to 30 percent. We are waiting to see what the legislation looks like on the procurement side, but we are hopeful that we can have 25 percent plus reductions over time in the procurement area.

Mr. MOLLOHAN. And how many people would that equate to?

Mr. BLOOM. I would have to submit that for the record. But it will be a sizable number. We have a fair number of folks. And other areas would be the accounting area and the budget area; that we will be looking at all of them very closely.

Mr. MOLLOHAN. With your new system?

Mr. BLOOM. Hopefully, the new system will be a big help.

Mr. MOLLOHAN. Okay.

[The information follows:]

PERSONNEL REDUCTIONS

The Department of Commerce has a total of 1,741 full time staff in the categories mentioned as follows: Personnel 571, Budget 241, Accounting 660, and Procurement 269. As we are still evaluating what our needs are, it is premature to promise a reduction of 435 personnel in these areas. Obtaining a leaner, more efficient, more customer responsive, lower cost operation are goals we will aggressively pursue.

Mr. MOLLOHAN. Mr. Rogers?

Mr. ROGERS. Thank you, Mr. Chairman.

10 PERCENT BUDGET INCREASE

Welcome, gentlemen and ladies. Let me follow up on that line of questioning. You are asking for a 10 percent increase in your budget at a time when we had a freeze on overall domestic spending for the last two years, and now we are being asked by people like the FBI director yesterday to actually cut the FBI's budget at a time when the war on crime is needed to be escalated.

DEA is going to be taking a cut in personnel, as is the FBI, and various other critical agencies. And yet you come in here and ask for a 10 percent increase, and I want to know what you are going to do with these additional people and monies. This subcommittee is going to have to choose between increasing your budget or cutting the FBI and DEA—the war on crime. Now, how can we justify this to the American people?

Mr. BLOOM. I certainly understand your concern. However, overall the Department of Commerce is going to be in a growth mode.

With the increases in NIST and EDA, we need increases to help oversee and manage these new monies and these new programs.

Understand that a certain amount of increases that we are asking for, about $1 million is for the locality pay increase, along with the 1995 pay increase. And related costs.

Mr. ROGERS. How much is that?

Mr. BLOOM. In total, the locality pay is $829,000. The 1995 pay increase is $287,000. That is about $1 million. We also have the payroll, related benefit costs of another $400 some thousand.

Mr. ROGERS. On your present personnel?

Mr. BLOOM. Yes.

Mr. ROGERS. All right. That gets you to about a million five. And that leaves about 2.2 million net increase, then?

Mr. BLOOM. Right. We also have an amount in there for the audits of our financial statements under the CFO Act of about $130,000. There also is about a 2.1, 2.2 million dollar increase for the continuation of our 1994 level.

Mr. ROGERS. Now, what will the net increase that you are requesting above your present personnel and your present program levels be used for?

Mr. BLOOM. For overall general management of the new programs.

Mr. ROGERS. Well, what does that mean?

Mr. BLOOM. We are going to have new programs at NIST and at EDA. We need to set the policies and we need to oversee that the——

PERSONNEL INCREASES

Mr. ROGERS. Are you talking about personnel increases? Is that what it is for?

Mr. BLOOM. A large part of our cost is for personnel.

Mr. ROGERS. How much of a personnel increase are you asking for, FTE?

Mr. BLOOM. Overall our net FTE increase is one. We have asked for an increase of two FTE from 1994 to implement the audits of the financial statements.

Mr. ROGERS. You mean for 1995?

Mr. BLOOM. Yes. The increase from 1994 to 1995, has two positions for the implementation of the audits. So essentially we are asking for funding at the same level as we currently are experiencing in 1994.

Mr. ROGERS. Now, last year you requested program increases of $5 million to hire an additional 27 people, staff. We were faced with an impossible situation in fiscal year 1994 and we couldn't approve that. We were not able to provide the increases that you requested, and yet your budget justifications for this year, for fiscal 1995, show that in fact you hired those additional 27 people; is that right or wrong?

Mr. BLOOM. I believe we are at the same level overall.

Mr. ROGERS. Well, now, we ought to know that; that is pretty plain. The justification says you hired them in spite of the fact that we didn't approve the monies. Have all of those positions been filled, those 27 positions?

Mr. BLOOM. My budget people tell me that for the most part the increase for stay-in-school students that in the past haven't been counted in our FTEs, but now, OMB has sent an edict that those are now counted in our FTEs.

Mr. ROGERS. Stay in school?

Mr. BLOOM. Stay-in-school students. Summer students, interns.

Mr. ROGERS. How many are there?

Mr. BLOOM. I think we would have to submit that for the record. I don't have the exact number.

Mr. ROGERS. Well, give me a rough figure.

Mr. BLOOM. In GA, it is 22 positions and 16 FTE.

Mr. ROGERS. Did you hire any additional full-time people, regular full-time people last year?

Mr. BLOOM. I don't believe there was an increase in our full-time FTEs for the GA.

Mr. ROGERS. You are telling me, then, that of these increases in personnel that shows up in your budget justifications from 1993 to 1994, all of those are these stay-in-schools? None of them are full-time, regular employees?

Mr. BLOOM. It is my understanding that there is no increase. I will go back and take another look at that for you, sir, and submit something if it is different than that.

Mr. ROGERS. Well, just for example, for 1993 you showed 340 people, and for fiscal year 1994, you showed 368 people, an increase of 28. You are saying all of those can be accounted for by the reclassification of the stay-in-school people that OMB says must now be counted in the total personnel figure?

Mr. BLOOM. That is a certain number. I am going to have to study that further, sir, and get back with you.

[The information follows:]

Position and FTE Track

The table below shows how the Positions and FTE have changed between the FY 1994 Congressional request and the FY 1995 Congressional request.

The FY 1994 Congressional Budget showed 340 Positions and 311 FTE Currently Available in 1993. The Adjustment to Base increases of 6 positions and 7 FTE were added. The 1994 Program increase was denied.

1994 Congressional Budget	POSITIONS	FTE
1992 Actual	355	318
1993 Currently Available	340	311
1994 position/FTE Adjustment to Base	+6	+7
1994 BASE	346	318
1994 Program increase	+21	+16
1994 Estimate	367	334

We were directed by OMB to include previously uncounted ceiling exempt Stay-in-School personnel in our 1994 Currently available personnel count. Starting with the 1994 BASE as shown below:

	POSITIONS	FTE
1994 BASE (above 1994 Budget)	346	318
Ceiling Exempt "Stay-in-School"	+22	+16
1994 Currently Available	368	334

In the 1995 Congressional Budget the 1993 actual FTE was 309 or two short of the 311 shown above as Currently Available in 1993.

1995 Congressional Budget	POSITIONS	FTE
1993 Actual	340	309
1994 Currently Available	368	334
1995 position/FTE Adjustment to Base	+2	+6
1995 BASE	370	340
1995 Program Decrease	0	-5
1995 Estimate	370	335

Mr. ROGERS. Well, the budget request for 1994 that you submitted in the details indicated that $2 million of that request was for 16 additional FTEs. No mention of students-in-school personnel. And that was for management enhancement. We weren't able to provide it for you. And you asked for some additional monies, not necessarily for personnel.

Now, from 1994 to 1995, you are asking to go up to 370 personnel. And you are telling me that there were no additional full-time people hired in the agencies within the department other than reclassifying these stay-in-school personnel?

Mr. BLOOM. Maybe I can help clarify this, Mr. Rogers. What I believe is on that salmon sheet, are actuals for 1993. What is reflected for 1994 is the budgeting level.

Mr. ROGERS. It says it is currently available for 1994. Were those positions filled or is this inaccurate?

Mr. BLOOM. Are you referring to the 368?

Mr. ROGERS. Yes.

Mr. BLOOM. Three hundred and sixty-eight is the authorization positions. Do we know what is currently on board?

Mr. GOTTESMAN. I don't know.

Mr. BLOOM. I would have to get that information.

Mr. ROGERS. Do you know how many employees you have? That should be a fairly easy number.

Mr. BLOOM. It is around 350, 355, but I don't have the exact number, but give or take.

Mr. ROGERS. Well, it was only 340 in 1993, so you did increase by 15 or so.

Mr. BLOOM. The 1993 is an actual number. It would appear that we do have, say, 15 or 16 more employees on board than——

Mr. ROGERS. Full-time?

Mr. BLOOM. Full-time equivalent budgeted.

Mr. ROGERS. So they are not these stay-in-school students?

Mr. BLOOM. Some of them are but there may be some additional——

Mr. ROGERS. So you have added 15 or 16 additional employees. Where did you get the money from? We didn't approve it.

Mr. BLOOM. For the most part, we did it through, unfortunately, taxing the bureaus.

[CLERK'S NOTE.—The following information was provided subsequent to the hearing:]

We are requesting an increase to maintain the 1994 operating level.

Mr. ROGERS. I am sorry?

Mr. BLOOM. A reimbursement allocation from the bureaus.

Mr. ROGERS. I am sorry, you have lost me. You have lost me.

Mr. BLOOM. Okay.

Mr. ROGERS. How did you get the—you requested 27 additional people last year, we couldn't afford it. We said I am sorry, we don't have the money. But you went ahead and hired 15 or 16 people anyway. Now, where did you get the money for that?

Mr. BLOOM. We got it from transfers from the bureaus; a transfer of $1.5 million came from the NIST construction fund which was part of the language, in last year's appropriation.

Mr. ROGERS. Part of what language?

Mr. BLOOM. Part of the appropriation record.

Mr. ROGERS. You transferred people?

Mr. BLOOM. We didn't transfer people; we transferred funds.

Mr. ROGERS. You didn't inform the Subcommittee of that, did you?

Mr. BLOOM. Yes, we did. The $1.5 million came through the subcommittee.

Mr. ROGERS. Was it reprogrammed? Did the Subcommittee reprogram or allow you to reprogram that money?

Mr. BLOOM. The $1.5 was transferred with a letter of clarification sent to the subcommittee.

Mr. ROGERS. Well, now, let me ask you, you did send a letter here telling the subcommittee what you intended to do, take money from the NIST construction account?

Mr. BLOOM. Right. The $1.5 million?

Mr. ROGERS. Yes. That is a part of what we are talking about. I think that should have been subject to reprogramming. I think it should have been subject to the subcommittee's approval in the normal reprogramming process.

Now, apparently there was some mix-up about that last year. I don't want that to happen again. Because taking money from these other accounts and hiring personnel in some other agency of the department is something that we want to know about and approve or disapprove, because we are pinching pennies here this year especially, and last year, so I hope we can be careful about that next time.

The Subcommittee wants to know and approve or disapprove any transfers of personnel or monies between the agencies or accounts at the department, and I am going to ask our staff as well as your staff to be careful about that next year, because that is something we need to know about and approve or disapprove. When the subcommittee weighs all of these budget requests that we have, and we put pennies here and pennies there, it is because we made a very conscious decision about that. And after hearing your request, the committee has to sit in here and hash this stuff out through very hard and laborious negotiations and debate. And then to have you be able to just transfer those funds violates the process. I am going to insist that, Mr. Chairman, that these be subject to this subcommittee's approval or disapproval.

Mr. BLOOM. We will always honor the reprogramming guidelines.

Mr. ROGERS. I know you will. I am just saying there was a little fuzziness on the process and I just want to put the spotlight on the process and say let's clarify this thing, and I want to understand what the process is.

Mr. BLOOM. You have my word.

Mr. ROGERS. Us and you. So that is a million and a half of the increase. What about the rest?

Mr. BLOOM. There is a $1.6 million transfer pending in a reprogramming that we have sent up to the subcommittee.

Mr. ROGERS. Has that been sent?

Mr. BLOOM. It has been sent. It was sent late last week—I think it was late last week, during the recess.

Mr. ROGERS. And so what do you request in that reprogramming?

Mr. BLOOM. We are requesting approximately $1.6 million.

Mr. ROGERS. From?

Mr. BLOOM. That is also coming from NIST.

Mr. ROGERS. Construction?

Mr. BLOOM. Yes, the NIST construction.

Mr. ROGERS. And you will use that for what?

Mr. BLOOM. We will use that first for the 1994 locality pay increases. And then for implementation of the Administration's initiatives, some of the things we are doing for the National Performance Review, diversity initiatives, some equipment, and communication capability upgrades.

Mr. ROGERS. Is that in the total of the $1.5 and the $1.6 million?

Mr. BLOOM. Yes.

Mr. ROGERS. That is the total?

Mr. BLOOM. That is the total.

Mr. ROGERS. Now, what were these additional 15 or 16 full-time personnel that you have added on? What are they doing?

Mr. BLOOM. Well, there seems to be some confusion here. And I would really like to submit that for the record, if I may. I am told that we have currently on board 331 employees in S&E General Administration. I am not sure how that compares to the 1993 and 1994 numbers. I would like to submit that for the record and make the comparison along with an explanation of additional personnel from 1993 to 1995.

Mr. ROGERS. Well, I wish you would do that because it is a fairly basic, fundamental question. How many people are working for you.

Mr. BLOOM. I understand.

Mr. ROGERS. I am amazed you don't know that off the top of your head, particularly with your staff here. Can anybody tell us?

Mr. BLOOM. Well, it has been confirmed that we have 331 on board as we speak.

Mr. ROGERS. Three hundred and thirty-one?

Mr. BLOOM. Three hundred and thirty-one on board as we speak.

Mr. ROGERS. Well, in your budget submissions, that figure doesn't appear anywhere.

Mr. BLOOM. Well, our budget submission doesn't show what we have on board at this time.

Mr. ROGERS. Well, it says 1993 actual personnel. What does that mean?

Mr. BLOOM. For 1993 that is actual FTE. But we currently have on board 331.

Mr. ROGERS. I don't see that figure on the salmon sheet at all.

Mr. BLOOM. Currently on board is 331. And that on board number can actually change daily with people retiring, people coming on board.

[The information follows:]

ON-BOARD STAFFING LEVEL

The Positions shown in the budget are the authorized positions allowed to be filled at any time. Several years ago the use of FTE (Full Time Equivalents) came into being. This is the calculation of the number of man years used and paid for in an appropriation. The FTE calculation recognizes that positions might all be filled at the same time but generally speaking some positions are vacant for different periods of time during the course of the year.

The FTE tool came into use as agencies formerly reported year end on board personnel compared to authorized positions. If an agency had great seasonal swings in employment they might actually employ 500 people for nine months of a year but at the time the count was officially taken to compare to budget they might only have 200 personnel on board. The reverse situation could also be true. This distortion was accounted for by developing FTE as a personnel counting mechanism.

The on-board count represents the number of people actually on the payroll at any particular point in time. This number is not generally maintained but serves as a useful internal management guide for judging how close FTE will equate to positions.

The following table show the authorized Positions and actual FTE from 1991 through 1993 for the Salaries and Expenses Appropriation.

Actual	Positions	FTE
1991	355	313
1992	355	318
1993	340	309

Mr. ROGERS. Now, you are asking for 370 people, in 1995, correct?

Mr. BLOOM. Yes.

Mr. ROGERS. That is an increase of 39.

Mr. BLOOM. Those are positions. The actual FTE that we are asking for is 335.

Mr. ROGERS. You have 331 people on board now?

Mr. BLOOM. Yes, we do.

Mr. ROGERS. You are asking for 370 positions in 1995?

Mr. BLOOM. We are asking for 370 positions. We are asking to fund 335 FTE, which is four more than what we currently have on board.

Mr. ROGERS. I see. So you are only asking for four FTEs?

Mr. BLOOM. Comparing apples to apples, it would be the 334 currently available in 1994 to 335 estimate for 1995. If you look at the 1995 estimate column, you will see we estimate our personnel level for 1995 will be 335.

Mr. ROGERS. And you are at 331 now?

Mr. BLOOM. We currently have 331 employees on board.

Mr. ROGERS. So you are only asking for an additional four people, then—four FTEs?

Mr. BLOOM. We are really only asking for one FTE, but in the appropriation the number of employees can change every day with retirements or other personnel changes.

Mr. ROGERS. Well, we are peddling here.

Mr. BLOOM. I understand.

Mr. ROGERS. I am just having difficulty keeping up with you. So you are asking for 335 FTEs?

Mr. BLOOM. Correct.

Mr. ROGERS. You are at 331 now?

Mr. BLOOM. Yes.

Mr. ROGERS. So the total FTE net increase that you are requesting is four what?

Mr. BLOOM. From employees on board right now to where we want to be in 1995, yes, four.

Mr. ROGERS. We finally got there.

Now, of the 331 FTEs, how many of those are political appointees? And how many are civil service?

Mr. BLOOM. Out of the 331, I can't tell you exactly how many are politicals. I will have to submit that for the record.

Mr. ROGERS. All right.

Mr. BLOOM. Oh, wait. I do have that—80 of the 331 are political.

Mr. ROGERS. Now, unlike your past budget justifications and unlike most other Commerce agencies, your budget request for 1995 does not provide a breakdown of your staffing and funding requests among the subactivities. There is no break out of how you are distributing staff and resources among each of the offices, Secretary, Deputy, Legislative Affairs, Planning and so forth. Is there a reason why that has been changed this year?

Mr. BLOOM. We changed it to be consistent with the other bureaus' structure. By the way, we have included a crosswalk in the back of the budget that does break that out for 1995, so the information is available for this year. But we have changed the presentation to be consistent with the other bureaus. It does raise the reprogramming thresholds' level for us, and it does give us more management flexibility to move one position here and one position there.

Mr. ROGERS. Well, the crosswalk you referred to, and I am looking at it now, is still a very generalized listing of monies and personnel, contrary to what you did last year when you submitted a very detailed statement of each bureau and agency, both personnel and amounts. That is what we would like to see. Can you submit that for us?

Mr. BLOOM. Certainly can. We will submit it.

Mr. ROGERS. Similar to the 1994 program and performance direct obligations, salaries and expense listing.

Mr. BLOOM. We will get that for you.

Mr. ROGERS. We would appreciate that. It makes it easier for us to compare apples with apples for last year.

Mr. BLOOM. Okay.

[The information follows:]

Department of Commerce
General Administration
Salaries and Expenses

(Dollar amounts in thousands)

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Secretary	Pos./BA	10	1,396	12	1,161	12	1,332	12	1,324	0	(8)
	FTE/Obl.	8	1,523	9		9		9		0	
Deputy Secretary	Pos./BA	9	930	11	1,188	11	1,285	11	1,283	0	(2)
	FTE/Obl.	7	728	8		8		8		0	
Executive Secretariat	Pos./BA	11	836	11	1,414	11	1,521	11	1,517	0	(4)
	FTE/Obl.	10	959	10		10		10		0	
Chief Financial Officer and Assistant Secretary for Administration	Pos./BA	8	925	9	986	9	1,077	9	1,075	0	(2)
	FTE/Obl.	7	764	8		8		8		0	
Space Commerce	Pos./BA	5	501	5	476	5	534	5	532	0	(2)
	FTE/Obl.	5	456	5		5		5		0	
General Counsel	Pos./BA	18	1,730	19	2,003	19	2,217	19	2,147	0	(70)
	FTE/Obl.	17	1,796	18		19		18		(1)	
Legislative and Intergovernmental Affairs	Pos./BA	21	1,885	22	1,831	22	2,046	22	1,952	0	(94)
	FTE/Obl.	18	1,355	19		20		19		(1)	
Public Affairs	Pos./BA	6	890	8	1,169	8	1,261	8	1,259	0	(2)
	FTE/Obl.	6	910	7		7		7		0	
Business Liaison	Pos./BA	11	991	11	1,073	11	1,199	11	1,196	0	(3)
	FTE/Obl.	11	1,030	11		11		11		0	
Consumer Affairs	Pos./BA	3	338	3	400	3	441	3	440	0	(1)
	FTE/Obl.	3	393	3		3		3		0	
Total - Executive Direction	Pos./BA	102	10,422	111	11,701	111	12,913	111	12,725	0	(188)
	FTE/Obl.	92	9,914	98		100		98		(2)	

Department of Commerce
General Administration
Salaries and Expenses

(Dollar amounts in thousands)

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Director for Federal Assistance and Management Support	Pos./BA	21	1,899	26	1,680	26	1,950	26	1,938	0	(12)
	FTE/Obl.	20	1,734	23		24		24		0	
Director for Financial Management	Pos./BA	20	2,084	23	2,007	25	2,389	25	2,379	0	(10)
	FTE/Obl.	19	2,115	21		23		23		0	
Director for Information Resources Management	Pos./BA	25	2,463	26	2,431	26	2,724	26	2,713	0	(11)
	FTE/Obl.	22	2,490	23		23		23		0	
Director for Human Resources Management	Pos./BA	42	3,608	45	3,146	45	3,628	45	3,609	0	(19)
	FTE/Obl.	40	3,559	43		43		43		0	
Director of Civil Rights	Pos./BA	15	1,311	18	1,320	18	1,489	18	1,483	0	(6)
	FTE/Obl.	14	1,369	16		17		17		0	
Director for Budget, Planning and Organization	Pos./BA	65	5,923	67	5,515	67	6,307	67	6,092	0	(215)
	FTE/Obl.	56	6,373	60		60		57		(3)	
Director for Procurement and Administrative Services	Pos./BA	50	5,422	52	5,242	52	5,810	52	5,788	0	(22)
	FTE/Obl.	46	5,397	50		50		50		0	
Total, Departmental Staff Services	Pos./BA	238	22,710	257	21,341	259	24,297	259	24,002	0	(295)
	FTE/Obl.	217	23,037	236		240		237		(3)	

Mr. ROGERS. Now, I will be happy to yield, Mr. Chairman. If not, I have a couple more questions.

Mr. MOLLOHAN. Go ahead. That is fine.

FINANCIAL MANAGEMENT CENTER

Mr. ROGERS. I was going to switch gears to the financial management system, about which you have already testified and answered some questions and you deal with mostly in your statement. It is of considerable importance, both to us and to you. Will the center that you have established continue to exist in fiscal year 1995?

Mr. BLOOM. Yes, it will.

Mr. ROGERS. And what is the total operating cost of the center in 1994 and projected for 1995?

Mr. BLOOM. It is around $1 million for both 1994 and projected for 1995.

Mr. ROGERS. And when will you be up and fully operational with that system?

Mr. BLOOM. We could be fully operational as early as 1998. We are going to have the system implemented at some of our test sites. In fact some of our larger test sites, in 1996; 1995 will be a year of getting the system ready to be implemented. In October 1 of 1996, we are going to go operational in three pilot bureaus.

Mr. ROGERS. Now, test sites——

Mr. BLOOM. I am sorry in October of 1995.

Mr. ROGERS. Okay. So the test sites you are going to do this year?

Mr. BLOOM. We will start our implementation at the test sites October 1995. The procurement will be finished around October 1, 1994 hopefully before then. We will spend the next 12 months getting ready to implement down the road.

Mr. ROGERS. Now, those test sites, where are those and what are those?

Mr. BLOOM. Currently, we are thinking that our test site implementation will be NIST, Office of the Secretary, which is my direct office, and the Census Bureau.

Mr. ROGERS. What will be at those test sites?

Mr. BLOOM. It will be an implementation of the system that we put together over the 12 month period between October 1, 1994, and 1995. It will be the actual operation of the core financial system.

Mr. ROGERS. And what is the system, generally?

Mr. BLOOM. Well, generally it will be a management system that will follow the money on a real time basis, and will provide our managers with good, current, up-to-date budget and accounting information.

Mr. ROGERS. And that will be a minute-to-minute, real time——

Mr. BLOOM. For some things it will be real time. For other things, we will still have to close our books every month, but it should make that much easier. But for many items, it will be a real time, up-to-date system—It will not be a batch system.

Mr. ROGERS. And you will be linked together with computers?

Mr. BLOOM. Yes.

Mr. ROGERS. So within NIST, for example, there would be one computer into which everyone's inputs and outputs are processed in real time, I assume?

Mr. BLOOM. Yes. Many of the functions will be real time.

Mr. ROGERS. So at any given moment you will be able to tack into the NIST computer and see where you are?

Mr. BLOOM. Yes.

Mr. ROGERS. Much like most businesses have?

Mr. BLOOM. Yes, sir.

Mr. ROGERS. Now, you won't be able to fully implement this department-wide, assuming it all works out well at these test sites, until October 1996.

Mr. BLOOM. In October of 1996, we are hoping to implement it through the rest of the Department.

Mr. ROGERS. Okay. What do you anticipate would prevent you from going Department-wide right away?

Mr. BLOOM. Well, we are not sure what could go wrong. We want to bite off one piece at a time. I do think implementation of Census, NIST, and Office of the Secretary is a big piece.

Mr. ROGERS. You estimated last year that the total cost would be about $41 million. Is that figure still holding?

Mr. BLOOM. That is our current estimate.

Mr. ROGERS. How much has been spent to date?

Mr. BLOOM. To date, we have spent about $1 million for the implementation center in 1994.

Mr. ROGERS. What are the big portions of the cost? Is it equipment or personnel or both?

Mr. BLOOM. The way the $41 million breaks down is about $21 million for software, about $10 million for hardware, and another $10 million for the in-house employees.

Mr. ROGERS. I see. When we get it finished and up and running what benefits can be expected from it?

Mr. BLOOM. The biggest benefit will be that our managers, our program managers will have up-to-date information, good cost information on their programs, good obligation numbers; that will be one big benefit.

The other benefit will be that the Office of the Secretary will have better oversight of on the bureaus. We will have up-to-date financial information on what the bureaus are doing. The Hill will have better information available to you and on a much more real time basis.

STREAMLINING THE ACCOUNTING DEPARTMENT

Mr. ROGERS. I assume, also, once you get this up and running Department-wide, we can afford to cut costs due to efficiencies over the present accounting system. Presumably, this is going to streamline the accounting department?

Mr. BLOOM. Yes. We anticipate that some of our streamlining and improvements will go toward reduced operating costs, absolutely.

Mr. ROGERS. So we can expect to save money?

Mr. BLOOM. We certainly hope so.

Mr. ROGERS. Now, will the regional offices and local offices be tied into the system?

Mr. Bloom. Yes. Certainly the administrative support centers will be tied in to the main Commerce system.

Mr. Rogers. So if all goes well and you get the money for the system, when will you be fully operational department-wide?

Mr. Bloom. Fully operational, my guess will be sometime in fiscal year 1998. We will have much of the Department on line by fiscal year 1997.

COSTS ASSOCIATED WITH FINANCIAL MANAGEMENT SYSTEM

Mr. Rogers. Thank you. Thank you, Mr. Chairman.

Mr. Mollohan. Just one question before I yield to Mr. Moran, $41 million, $30 million for software, $31 million for software, $10 million for hardware, is that how you broke that down?

Mr. Bloom. Twenty one million dollars for software, $10 for hardware, $10 million for people.

Mr. Mollohan. Twenty one million dollars for software. Is that office shelf financial packages? I mean, software packages for your system, or are you tailoring?

Mr. Bloom. Our plan is to start off with an off-the-shelf package, but that will have to be modified. We have a pretty diverse——

Mr. Mollohan. That just sounds like an awful lot of money. But I will yield to Mr. Moran.

Mr. Moran. You know what, Mr. Chairman, since I wasn't here, I have to assume that you and Mr. Rogers have asked all of the insightful and appropriate questions, and so I am going to defer to your judgment and pass.

SPACE/FACILITIES REQUIREMENTS

Mr. Mollohan. Okay. Let me ask a couple of questions about space requirements. The Committee feels that there could be some improvements in communication with regard to your decisions about space requirements and your various bureaus' decisions about space requirements.

Could you talk to us a little bit about the processes and procedures that you have to learn about yourself and then talk about how you think the Committee should play a role in those decisions before they are made?

Mr. Bloom. Just this week the Committee staff shared with me a report that they get from Justice. We are looking at it and it appears to be a good, beneficial report. Chances are we are going to implement just that system, and we thank the Committee staff for that.

RSMIS SYSTEM

I was involved in the real property business before I came on board at Commerce, so it is something that I have a keen interest in. We currently have a system, it is called the RSMIS system, which I understand is a good system, but it could use some improvement.

Mr. Mollohan. It is a system to do what?

Mr. Bloom. To keep track of our space, to keep track of the leases we have, the space we are occupying. What I understand

RSMIS doesn't have is a prospective component, and that is something we would like to add.

Mr. MOLLOHAN. What are the policies in Commerce? Does every agency, every group have authority to make accommodation decisions on their own?

Mr. BLOOM. No, they are not making ad hoc decisions on their own. As I understand it, they come through our real property people, which is under the Office of the Secretary. So the decisions are not made in a vacuum on a bureau-by-bureau basis.

Mr. MOLLOHAN. And does the centralized property office have to approve those requests?

Mr. BLOOM. Yes. Yes, they do.

Mr. MOLLOHAN. And that is the way it is supposed to work?

Mr. BLOOM. That is the way it is supposed to work, and as far as I know, is the way it is working.

Mr. MOLLOHAN. Then what sense of responsibility do you have to communicate that to the Congress prior to those decisions and obligations being made?

Mr. BLOOM. Well, I believe if the Subcommittee would like more information and more up-to-date information, we could start preparing reports very similar to what Justice is giving you. That could be beneficial to me as well as to the Subcommittee.

Mr. MOLLOHAN. Do you think that the process that is currently in place provides you with adequate information for good, long-term planning?

Mr. BLOOM. I think it is a good base system. There are some enhancements that we can and will make.

Mr. MOLLOHAN. What enhancements? Where do you think it may be coming up short?

Mr. BLOOM. Well, I believe in summarizing prospective leases, that kind of information could be made.

Mr. MOLLOHAN. What does that mean, summarizing prospective leases?

Mr. BLOOM. Summarizing where we will be adding additional space, what our space needs will be in the future, and how we will be fulfilling those needs as our leases expire or as our programs grow and we need more office space.

Mr. MOLLOHAN. I think somebody wants to communicate with you.

Mr. BLOOM. This is a really important point. It will give us an opportunity to look at our options on a better basis.

Mr. MOLLOHAN. What will give you an opportunity?

Mr. BLOOM. An enhanced system.

Mr. MOLLOHAN. What changes do you recommend in the process to allow more timely notification to the Committee regarding space requirements and commitments?

Mr. BLOOM. We will come up with a report similar to the Justice report, tailored for the Commerce Department and maybe even enhance it a little better. We will submit that at least quarterly, monthly if necessary. But we believe quarterly is probably an optimal time frame.

Mr. MOLLOHAN. We are going to have a number of questions to submit for the record, if you would respond to those.

Mr. BLOOM. Sure.

Mr. MOLLOHAN. We very much appreciate your testimony here today and look forward to working with you in the future.

Mr. BLOOM. Thank you.

[The following questions were submitted to be answered for the record:]

Questions Submitted by Congressman Mollohan

Financial and Administrative Management Improvement

QUESTION:

I understand that you will implement this system incrementally at several "test sites" throughout the Department. What are those test sites and how were they chosen?

ANSWER:

Because of the extremely poor condition of existing financial management systems throughout the Department, we want to begin replacing them as quickly as possible. We have discussed implementation strategy with senior management at the bureaus and have jointly agreed to pilot the new system incrementally at the Bureau of Census, the National Institute of Standards and Technology (NIST), the Office of the Secretary (OS), and the other smaller bureaus currently receiving accounting support from NIST and OS. These initial pilot sites were chosen because they provide an excellent mix of the entire Department's financial/accounting functional requirements; their current financial systems are out-dated and do not facilitate efficient financial operations and accurate financial reports; senior management at these bureaus are fully committed to the successful implementation of a new, modern financial system; and they properly view the new system as an "enabler" for dramatic improvements and changes in the way their bureaus manage their financial resources.

QUESTION:

Please provide for the record a breakout of the estimated cost per year for the total financial and administrative management project through its completion.

ANSWER:

The following are the preliminary cost estimates for Department-wide deployment of the Commerce Administrative Management System (CAMS):

(Dollars in millions)

	FY 94	FY 95	FY 96	FY 97	FY 98	Total
Totals	$5.2	$11.5	$12.0	$7.5	$5.1	$41.3

NOTE: The above includes preliminary cost estimates for acquiring, integrating, and implementing a Department-wide core financial system and functional systems for travel management, procurement, labor cost distribution, personal property, real property, and grants.

National Performance Review

QUESTION:

Your statement highlights implementation of recommendations made in the President's National Performance Review. How will implementation of the recommendations be monitored by your office?

ANSWER:

In late 1993, we developed a computer generated tracking system which we are currently using to monitor the progress of Commerce agencies tasked with implementing Commerce-specific NPR recommendations. We have provided copies of the report to NPR staff and the General Accounting Office. The report is updated every three months.

QUESTION:

How will any savings resulting from implementation of NPR recommendations be identified? Will the Department be allowed to "reinvest" any savings into other priority programs, and will that be highlighted in your budget proposals?

ANSWER:

The Department has a tracking system in place to monitor implementation of the NPR recommendations. As we move towards implementation of program specific recommendations, we will be in a better position to identify any potential cost savings. It is too early in the process to be able to identify any "real" savings. We will explore the opportunities to "reinvest" into other priority programs once savings have been identified. In some cases, savings may occur in separate agencies and adjustments in agency funding requirements will need to be made. For example, if polar orbiting weather satellites are merged in a single agency as recommended, some adjustments will be necessary depending on the funding approach adopted.

Some NPR recommendations are being captured as budget savings and not being directly reinvested. These include Presidentially directed FTE, administrative costs, and procurement reductions reflected in our FY 1995 request.

Commerce Performance Review

QUESTION:

The Department is also conducting its own assessment of procedures and policies as part of a Commerce Performance Review. How does this review differ from the National Performance Review?

ANSWER:

When the President announced the National Performance Review, Secretary Brown was a firm supporter and determined to apply the same approach. American companies have spent the past decade modernizing their management. As representatives of the private sector in government, the Secretary wanted to be sure we make equally dramatic improvements here in the Department of Commerce. So he launched a reinvention effort that could move us in that direction. The Commerce Performance Review, like the National Performance Review, is designed to bring government the same techniques long since applied in the private sector.

QUESTION:

Does the FY 1995 budget request reflect any savings resulting from the Department's Performance Review? Please review.

ANSWER:

The FY 1995 budget request does not reflect any savings resulting from the Department's Performance Review.

Procurement Savings

QUESTION:

The Administration recently submitted a budget amendment reflecting savings resulting from reforms in the Federal procurement process. What amounts have been reduced from the Commerce Department FY 1995 budget request, and how are those reductions being applied by agency?

ANSWER:

The Commerce share of the government-wide reduction is $12.4 million. Contracts for consultants, information resources management, architectural and engineering, and management and administrative support services will be targeted for reduction. Commerce spends about $250 million annually on these activities.

The reduction will be allocated to all Commerce bureaus without exception based on their relative use of these types of contracts. NOAA, NIST and PTO will be responsible for meeting almost 90 percent of the Commerce reduction.

QUESTION:

To what extent does your office review the procurements of the bureaus? There have been some concerns expressed about the procurement of the NOAA aircraft for which Congress provided funds in FY 1994. Is that an item your office has focused on? Can you give us a status report on that procurement process?

ANSWER:

My staff's involvement varies depending upon the dollar value, complexity and criticality of a procurement. The NOAA aircraft procurement is a large dollar procurement that we have been working on closely with NOAA.

NOAA will acquire a high altitude jet aircraft specially modified and instrumented to perform hurricane surveillance. Capabilities of the aircraft may include hurricane reconnaissance work; advanced hurricane research; and environmental missions in climate and global change, air chemistry and mesocyclone atmospheric research.

To date, efforts have involved market research, defining the mission needs and developing the statement of work requirements. In February 1994, an advertisement in the Commerce Business Daily generated strong industry interest which has been valuable in preparing the solicitation package.

A full and open competitive procurement is being conducted on a very aggressive schedule. A draft statement of work was released to industry in April and the solicitation is scheduled for issuance after industry comments are received in May.

Working Capital Fund

QUESTION:

Although you stated in your testimony that there are no program increases proposed for the General Administration appropriation, there are increases proposed for the Department's Working Capital Fund. What is the reason for these proposed increases?

ANSWER:

The Working Capital Fund FY 1995 Congressional justification reflects the level of effort estimated to carry out centralized administrative activities. The increases are for locality pay and other adjustments to base as well as program increases reflecting the Commerce Administrative Management System and requested WCF support for program initiatives that are included in the bureaus requests.

QUESTION:

What is the process for determining the amounts to be collected from each agency for the Working Capital Fund?

What is the process for making changes in the amounts collected?

ANSWER:

The Working Capital Fund costs are billed to the bureaus based on their use of the products and services. Periodic reviews are made to determine changes in the amounts billed to bureaus.

HCHB Tunnel

QUESTION:

What is the status of the proposal to construct a connecting tunnel between the Herbert C. Hoover Building and the Federal Triangle Building? What is the total estimated cost of constructing this tunnel, and who will be responsible for funding the remaining costs?

ANSWER:

Commerce has long been committed to a tunnel linkage between the Herbert C. Hoover Building and the Federal Triangle Building to tie together related trade and export activities and to promote and protect employee health and safety. The Pennsylvania Avenue Development Corporation plans to conduct soil sampling on the lawn of the Herbert C. Hoover building within a few weeks.

The total estimated cost to construct the tunnel is $1,300,000 and the Department's share of the total cost is $623,350. The General Services Administration will fund the remaining cost ($676,650).

Request to OMB

QUESTION:

What was the budget request for this account to OMB, what items did OMB eliminate from the request, and what will be the impact of those eliminations on the activities funded in this appropriation?

ANSWER:

Our budget request to OMB was $36,727,000. OMB did not eliminate any items from our request.

Locality Pay

QUESTION:

Please describe for us how the Department as a whole has funded locality pay in FY 1994. Which bureaus have had problems in paying for locality pay, and how will those problems be resolved?

ANSWER:

In FY 1994, the Department as a whole absorbed the cost for locality pay. General Administration and Census require additional funds for locality pay. The Department has proposed to use its transfer authority to resolve these problems.

QUESTION:

How have the Office of the Secretary and other offices supported by this specific appropriation handled locality pay? What specific activities will be reduced in order to fund this increase.

ANSWER:

A request to transfer funds to General Administration's Salaries and Expenses account from the National Institute of Standards and Technology has been submitted to the Subcommittee. It is not anticipated that this account will reduce specific activities to fund locality pay.

QUESTION:

What would be the impact on the Department should a pay increase greater than 1.6 percent be enacted for 1995?

ANSWER:

Until the FY 1995 appropriations process is complete, the impact on the Department of a pay increase greater than 1.6 percent in FY 1995 cannot be accurately determined. The Department would attempt to meet any additional requirements not covered by appropriations through reprogramming or transfer. These actions reduce program funding by the amounts needed for unanticipated salaries increases.

WEDNESDAY, APRIL 13, 1994.

OFFICE OF THE INSPECTOR GENERAL

WITNESSES

FRANK DEGEORGE, INSPECTOR GENERAL
MARK E. BROWN, DIRECTOR, OFFICE OF BUDGET

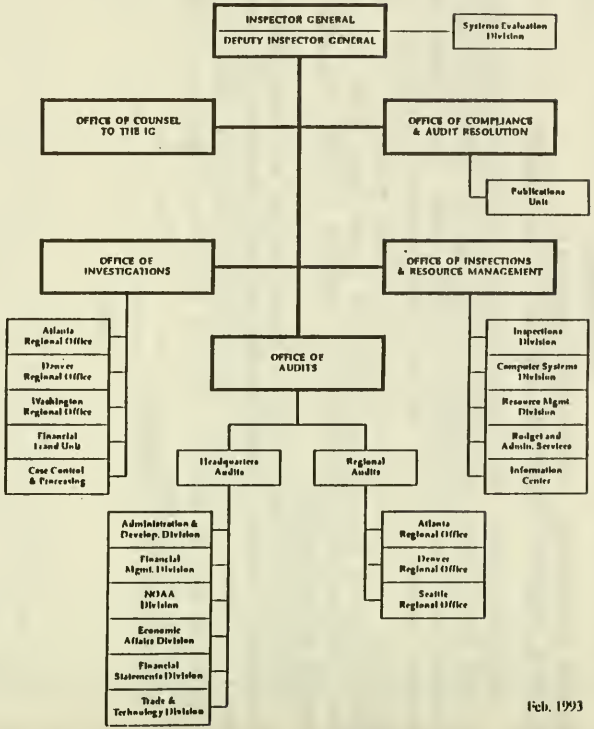
Mr. MOLLOHAN. Next the Committee would like to welcome Mr. Frank DeGeorge, Inspector General of the Office of the Inspector General of the Department of Commerce. The fiscal year 1995 budget request for the Office of the Inspector General of the Department of Commerce is $16,904,000, which is an increase of $904,000 over the appropriation for fiscal year 1994. We will insert the justifications submitted in support of this request into the record at this point.

Testifying on behalf of this request today is Frank DeGeorge, the Inspector General of the Department of Commerce. Mr. DeGeorge, the Committee welcomes you here this morning, and your written statement will be made a part of the record, and you may proceed with your testimony.

[The justifications follow:]

Exhibit 2

Organizational Chart
Office of Inspector General



Feb. 1993

GA-35

Exhibit 5

Department of Commerce
General Administration
Office of Inspector General
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Budget Authority	FTE	Direct Obligations
	Appropriation Available, FY 1994	214	16,000	201	16,000
	less: Obligations from prior years	0	0	0	0
GA-40	plus: 1995 Adjustments to base	0	1,113	0	1,113
	less: Prior year recoveries	0	0	0	0
	1995 Base	214	17,113	201	17,113
GA-49	less: Administrative savings	0	(21)	0	(21)
GA-50	less: FTE savings	0	(188)	(3)	(188)
	1995 Estimate	214	16,904	198	16,904

			1993 Acutal		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
	Comparison by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
GA-45	Inspector General	Pos./BA	214	15,805	214	16,000	214	17,113	214	16,904	0	(209)
		FTE/Obl.	186	15,682	201		201		198		(3)	
		Pos./BA	214	15,805	214	16,000	214	17,113	214	16,904	0	(209)
	Direct Obligations	FTE/Obl.	186	15,682	201		201		198		(3)	
	Adjustments for:											
	Recoveries			0		0		0		0		0
	Unobligated balances, start of year			0		0		0		0		0
	Unobligated balances transferred			0		0		0		0		0
	Unobligated balances, end of year			0		0		0		0		0
	Unobligated balances expiring			123		0		0		0		0
	Financing from transfers:											
	Transfers from other accounts (-)			0		0		0		0		0
	Transfer to other accounts (+)			0		0		0		0		0
	Appropriation			15,805		16,000		17,113		16,904		(209)

Exhibit 7

Department of Commerce
General Administration
Office of Inspector General
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
Total Obligations	16,433	18,992	20,192	19,983	(209)
Offsetting collections from:					
Federal funds	(751)	(2,992)	(3,079)	(3,079)	0
Trust funds					
Non-Federal sources					
Recoveries					
Unobligated balance, start of year					
Unobligated balance transferred					
Unobligated balance, end of year					
Unobligated balance expiring	123				
	-------	-------	-------	-------	-------
Budget Authority	15,805	16,000	17,113	16,904	(209)
Financing:					
Transfer from other accounts (-)					
Transfer to other accounts (+)					
	-------	-------	-------	-------	-------
Appropriation	15,805	16,000	17,113	16,904	(209)

Exhibit 8

Department of Commerce
General Administration
Office of Inspector General
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	Positions	FTE	Amount
Transfers:	0	1	0
Adjustment:	0	(1)	350
Financing:	0	0	0
Other Changes:			
1994 Locality pay raise			452
1995 pay raise			152
Within-grade step increases			183
Administratively uncontrollable overtime			41
Change in compensable days			(45)
Civil Service Retirement System (CSRS)			7
Federal Employees' Retirement System (FERS)			(9)
Thrift Savings Plan			35
Federal Insurance Contributions Act (FICA) - OASDI			(10)
Health insurance			38
Employees' Compensation Fund			(153)
Rental payments to GSA			47
Printing and reproduction			1
Other services: Working Capital Fund			21
Supplies and materials			2
Equipment			1
Subtotal, other charges	0	0	763
Total, adjustments-to-base	0	0	1,113

Exhibit 9

Department of Commerce
General Administration
Office of Inspector General
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Transfer:		
FTE Transfer	1	0

A transfer of one FTE from General Administration's Working Capital Fund is required to provide support in reviewing major Departmental Systems Procurements.

	FTE	Amount
Adjustment:		
Restoration of FY 1994 Operating Level	(1)	350

In order to continue the 1994 operating level, $350,000 is required.

	FTE	Amount
Other Changes:		
Pay Raises		604

FY 1994 Locality pay raise

A locality pay raise was implemented in January FY 1994.

Total cost in FY 1995 of FY 1994 locality pay raise	428,000
Less amount funded in FY 1994	0
Less amount absorbed	0
Amount requested in FY 1995 to provide full-year cost of FY 1994 locality pay raise	428,000
Payment to Working Capital Fund	24,000
Total adjustment for FY 1994 locality pay raise	452,000

FY 1995 pay increase and related costs

A general pay raise of 1.6% is assumed to be effective January 1, 1995.

Total cost in FY 1995 of pay increase	146,000
Less amount absorbed in FY 1995	0
Amount requested for FY 1995 pay increase	146,000
Payment to Working Capital Fund	6,000
Total adjustment for FY 1995 pay increase	152,000

	FTE	Amount
Within-grade step increases		183

An increase of $183,488 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases which will be earned in FY 1995.

Estimated number of within-grade step increases	139
Step increases not earned due to turnover (13.3% x 139)	18
Average step above step 1 per separation	2
Average cost per within-grade step increase	1,538
Gross cost of scheduled step increases ($1,538 x 139)	213,782
Less savings due to separations ($1,538 x 18 x 2)	(55,368)
Subtotal, personnel compensation	158,414
Benefits	25,074
Total adjustment-to-base	183,488

	FTE	Amount
Administratively Uncontrollable Overtime		41

An increase is required to cover increased participation by the Office of Inspector General criminal investigation employees for annual premium pay under authority of Section 5545 (c)(2) of Title 5, United States Code (USC) in accordance with 50 CFR & 151 et. seq. This annual premium pay compensates law enforcement personnel for irregular of occasional overtime which cannot be scheduled and controlled administratively.

	FTE	Amount
Change in Compensable Days		(45)

The decreased cost of one less compensable day in FY 1995 compared to FY 1994 is calculated by dividing the FY 1994 estimated personnel compensation of $10,194,000 and applicable benefits of $1,579,000 by 261 compensable days. The cost decrease of one less compensable day is $45,107.

	FTE	Amount
Civil Service Retirement System (CSRS)		7

The estimated percentage of payroll for employees covered by CSRS will increase from 49.4% in FY 1994 to 49.6% in FY 1995 for regular employees and from 8.3% in FY 1994 to 9.0% in FY 1995 for law enforcement employees. The contribution rate for regular employees and law enforcement employees will remain the same at 7.0% and 7.5%.

Regular:	
FY 1995 ($10,194,000 x .496 x .07)	353,936
FY 1994 ($10,194,000 x .494 x .07)	352,509
Subtotal	1,427
Law enforcement employees:	
FY 1995 ($10,194,000 x .090 x .075)	68,810
FY 1994 ($10,194,000 x .083 x .075)	63,458
Subtotal	5,352
Total adjustment-to-base	6,779

		FTE	Amount
Federal Employees' Retirement System (FERS)			(9)

The estimated percentage of payroll for regualr employees covered by FERS will decrease from 39.5% in FY 1994 to 38.4% in FY 1995. The estimated percentage of payroll for law enforcement employees covered by FERS will increase from 2.8% in FY 1994 to 3.0% in FY 1995. The contribution rate for regular employees and for law enforcement employees will remain the same at 12.9% and 27.3%.

Regular employees:	
FY 1995 ($10,194,000 x .384 x .129)	504,970
FY 1994 ($10,194,000 x .395 x .129)	519,435
Subtotal	(14,465)
Law enforcement:	
FY 1995 ($10,194,000 x .030 x .273)	83,489
FY 1994 ($10,194,000 x .028 x .273)	77,923
Subtotal	5,566
Total adjustment-to-base	(8,899)

		FTE	Amount
Thrift Savings Plan			35

The cost of agency contributions to the Thrift Savings Plan will decrease as employees covered by FERS decreases from 42.3% to 41.4%. However, the cost decrease will be more than offset by the increase from 3.5% to 4.4% in the participation rate.

FY 1995 ($10,194,000 x .414 x .044)	185,694
FY 1994 ($10,194,000 x .423 x .035)	150,922
Total adjustment-to-base	34,772

		FTE	Amount
Federal Insurance Contributions Act (FICA) - OASDI			(10)

The OASDI tax rate will remain constant at 6.2%. However, the annual salary taxable by OASDI will rise from $60,150 in FY 1994 to $61,050 in FY 1995. Even though the cap increases, the percent of salaries below the cap will decrease from 96.6% to 95.0%. In addition, the total salaries taxable by OASDI will decrease from 42.3% in FY 1994 to 41.4% in FY 1995.

OASDI:	
FY 1995 ($10,194,000 x .414 x .950 x .062)	248,577
FY 1994 ($10,194,000 x .423 x .966 x .062)	258,258
Total adjustment-to-base	(9,681)

		FTE	Amount
Health insurance			38

Effective January 1993, the contribution to Federal Employees' health insurance premiums increased by 7.9%. Applied against the FY 1994 estimate of $481,000, the additional amount required is $37,999.

	FTE	Amount
Employees' Compensation Fund		(153)
The Employees' Compensation Fund bill for the year ending June 30, 1993 is $153,619 lower than the bill for the year ending June 30, 1992. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.		
Rental payments to GSA		47
GSA rates are projected to increase 3.38% in 1995. This percentage was applied to the FY 1994 estimate of $1,400,000 to arrive at an increase of $47,320.		
Printing and reproduction		1
GPO has provided an estimated rate increase of 3.0%. This percentage was applied to the FY 1994 estimate of $40,000 to arrive at an increase of $1,200.		
Working Capital Fund		21
An additional $21,000 is required to fund cost increases in the General Administration Working Capital Fund.		
Supplies and materials		2
Based on the GNP deflator of 2.8% the cost of supplies and materials is expected to increase by $2,212 from the FY 1994 estimate of $79,000.		
Equipment		1
Based on the GNP deflator of 2.8%, the cost of equipment is expected to increase by $1,428 from the FY 1994 estimate of $51,000.		
Total FY 1995 adjustments-to-base	0	1,113

Exhibit 10

Department of Commerce
General Administration
Office of Inspector General
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Inspector General

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Subactivity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction	Pos./BA	13	1,296	13	1,362	13	1,428	13	1,428	0	0
	FTE/Obl.	13	1,248	13		13		13		0	
Inspections & Resource Management	Pos./BA	33	2,548	33	2,634	33	2,749	33	2,749	0	0
	FTE/Obl.	31	2,672	28		28		28		0	
Audits	Pos./BA	130	9,452	130	9,408	130	10,222	130	10,013	0	(209)
	FTE/Obl.	111	9,233	122		122		119		(3)	
Investigations	Pos./BA	38	2,509	38	2,596	38	2,714	38	2,714	0	0
	FTE/Obl.	31	2,529	38		38		38		0	
Total	Pos./BA	214	15,805	214	16,000	214	17,113	214	16,904	0	(209)
	FTE/Obl.	186	15,682	201		201		198		(3)	

Department of Commerce
General Administration
Office of Inspector General

Exhibit 12

JUSTIFICATION OF PROGRAM AND PERFORMANCE: INSPECTOR GENERAL

Goals and Objectives

GOALS:

- Prevent and detect fraud, waste, and abuse in Commerce programs and operations, both internal and external.
- Promote economy and efficiency in Commerce operations.

OBJECTIVES:

- Concentrate on those programs and operations which have the greatest potential for: identifying fraud; recovering funds precluding unnecessary outlays; and improving management.
- Improve the value of the Inspector General's findings and recommendations to senior Department management.
- Enhance the Inspector General's ability to review areas of high technology, especially ADP.
- Establish a deterrence presence in all external operations of the Department.
- Increase oversight of Federal Managers' Financial Integrity Act related weaknesses.
- Expand the scope of the audits required by the Chief Financial Officers Act of 1990.

Base Program FY 1995

The Office of Inspector General (OIG) was established in FY 1979 in accordance with the Inspector General Act of 1978. The OIG provides an independent voice to the Secretary and other senior Commerce managers in matters relating to fraud, waste, abuse and mismanagement. The office has the authority to inquire into all program and administrative activities of the Department, including those individuals or organizations performing under grants, contracts or loans.

The work is conducted through audits (management and financial), investigations and inspections. The findings of the audits and inspections are presented to pertinent operating officials and agency heads, who are given the opportunity to review and comment on the reports before they are released in final form. Investigations are referred to the Department of Justice for prosecution where evidence of criminal wrongdoing is uncovered or if civil recoveries are possible. Investigative findings may also be referred to the appropriate agency official for administrative redress.

The Office of Inspector General is headquartered in Washington, D.C., and maintains five regional offices. The Office of Audits has organizations in Atlanta, Denver, and Seattle. The Office of Investigations has organizations in Atlanta and Boulder. As proposed for FY 1995, the OIG will be funded at 214 permanent empolyees, of whom 62 will be located in the field.

The mission of the OIG is accomplished through the following activities -

Executive Direction	includes the immediate Office of the Inspector General and the Office of Counsel; provides overall leadership and policy direction, including reviews of proposed and existing Departmental legislation and regulations; and provides legal assistance for auditors, investigators, and inspectors.
Inspections and Resource Management	performs inspections of Departmental organizations and provides internal management, personnel, budget, and administrative services for the OIG.

The inspections program was created to expand the coverage of the OIG in the Department of Commerce. Before the program was established in 1982, the OIG had an audit cycle of over 35 years and over 97 percent of the Department had never been visited by the OIG. Inspections have (1) played a major role in minimizing the adverse impact of such a lengthy cycle, and (2) made other valuable contributions to the OIG mission. For example, the inspection program was recently expanded to include special reviews of Commerce ADP operations and resources. The expansion permits the OIG to achieve greater coverage of the Department's vital ADP resources and operations with the OIG's small number of available ADP staff.

inspections were devised as brief reviews of Commerce units in the field and headquarters or of an organization which receives funds from the Department. They are intended to: (1) gather current information about programmatic and administrative problems while there is still time to correct them; and (2) highlight for Department managers those activities that are being performed well. The inspection team (usually three persons with audit, investigation and/or management analysis background) provides immediate briefings to agency management upon its return from a visit, and a written report is issued shortly thereafter. Significant problems are instantly brought to agency managers or referred to OIG auditors or investigators for follow-up or correction.

An inspection differs from an audit in terms of timeliness, depth of inquiry, and procedures which govern its performance. Because of the freshness of the inspection approach and findings, they have been positively received by Commerce management. Since late in FY 1982, the OIG has conducted over 260 inspections.

Audits performs audits of Commerce operations, significant programs and major system development efforts; trust funds, revolving funds and commercial activities, contracts, grants and loans; and state and local governments.

The Office of Audits' headquarters and regional offices conduct reviews of varying scope both of internal Department operations (management audits and financial audits) and external activities funded by or through the Department (contract, grant, and loan audits, and State and local governments audits).

Management audits look at the economy and efficiency of the Department's activities and the results of its programs. Audits focusing on economy and efficiency determine whether the audited entity is acquiring, protecting and using its resources economically and efficiently (and the causes of any determined deficiencies), and if the entity has complied with laws and regulations involving matters of economy and efficiency. Audits focusing on program results determine the extent to which the intended benefits established by legislation, etc., are being achieved, the effectiveness of the program, and the degree of compliance with laws and regulations applicable to the program.

Financial audits assess the accuracy and reliability of financial information provided for Department trust fund, revolving fund and commercial activities. The audits determine if the reported financial information present fairly the financial position and results of operations of the audited entity. They determine if the entity has an internal control structure that achieves essential internal control objectives and if the entity has complied with laws and regulations that could have a material effect on its financial liability. Major programs of audited entities are analyzed as individual cost centers for costs, benefits and effectiveness. In addition, the cumulative financial data of each entity is analyzed to provide an overall picture of the efficiency of its operations.

Contract, grant and loan audits review the Department's contracts, grants, cooperative agreements, loans, and loan guarantees with entities external to the Department. The audits check compliance with regulations, laws and award terms; adequacy of accounting systems and internal controls; allowability of costs; and how well a project achieved intended results. In the major procurement area, the office provides comprehensive pre-award audit and evaluation information for negotiating contracts. By using more audit and evaluation information, Commerce agencies are receiving better prices in major negotiated procurements.

Finally, State and local government audits are conducted in compliance with the requirements of the Single Audits Act and OMB Circular A-128. These audits provide organization-wide reviews of certain State and local governments that receive Commerce and other Federal funds.

The Office of Compliance and Audit Resolution is responsible for the follow-up on recommendations made in OIG audit, and inspection reports which includes: (1) evaluating agency responses and proposed actions on OIG recommendations; (2) resolving disputes between the OIG and Department management; (3) identifying cases in which recommendations have been ignored or circumvented and recommending specific corrective actions; and (4) maintaining a tracking system for audit and inspection OIG recommendations. The office also conducts a quality assurance program to ensure that OIG activities adhere to established procedures and comply with appropriate standards.

The Systems Evaluation Division conducts reviews and evaluations of system acquisitions involving state-of-the art computer hardware and software, automated information systems, computer-based communications systems, as well as other technologies. This Division evaluates complex technical and management issues regarding systems requirements, planning, specification, design, development, implementation management, and maintenance. Work is carried out by a staff of computer scientists and system engineers who have extensive experience with the technical, contractual, and management issues of major system acquisitions.

Investigations

conducts investigations of alleged or suspected wrongdoing by Commerce employees, grantees, contractors and loan recipients which may involve violations of criminal laws, civil statutes, Commerce regulations, and employee standards of conduct. The mission of the Office of Investigations is to detect and prevent fraud and abuse involving Commerce funds and programs or activities by Departmental employees, contractors, and recipients of financial assistance.

The OIG fraud investigative effort is generally concentrated on the Commerce programs that fund external activities, such as grants, loans, loan guarantees and contracts. These investigations may result in criminal prosecution, civil fraud litigation, or an administrative action under the Program Fraud Civil Remedies Act.

The Office of Investigations also supports the Department's Office of Federal Assistance and Management Support by conducting name checks on individuals and credit checks on businesses before award of grants, loans or cooperative agreements. The Office of Investigations does not generally handle cases involving personnel abuses, administrative grievances, or minor infractions. The OIG refers them to the appropriate Commerce agencies for action. The OIG monitors these cases through to disposition and provides technical assistance to the agencies as necessary. However, when the alleged infraction involves a senior Department official, or if the alleged conduct is criminal or involves fraud or a major violation of standards of conduct, or is otherwise egregious, the OIG handles the investigation.

The quantified FY 1993 - FY 1995 results and projections of OIG operations are:

(Dollar amounts in thousands)

	1993 Actual	1994 Projected	1995 Projected
Number of Performance Audits	13	20	20
Number of Financial Assistance Audits	33	40	40
Number of Financial Assistance Audits processed	462	430	430
Number of Financial Statements Audits	6	10	10
Number of Contract Audits processed	116	115	115
Number of Inspections	24	35	35
Number of Investigations	101	110	110
Questioned costs	$ 15,383	---	---
Value of recommendations this period that funds be put to better use	$147,334	---	---
Value of reports and recommendations agreed to this period by management	$ 51,771	---	---
Value of inspection recommendations this period that funds be put to better use	$ 4,113	---	---
Fines, court-ordered restitutions, and administrative recoveries	$ 2,070	---	---
Arrests	3	---	---
Indictments	10	---	---
Convictions	7	---	---
Administrative sanctions/actions*	44	---	---

*Includes debarment, suspensions, reprimands, demotions, resignations, dismissals, reassignments, actions to recover funds, new procedures, and policy changes resulting from investigations.

Exhibit 13

Department of Commerce
General Administration
Office of Inspector General
DECREASE FOR 1995
(Dollar amounts in thousands)

		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Inspector General	POS./BA	214	$17,113	214	$17,092	0	($21)
	FTE/OBL.	201		201		0	

Administrative Savings ($21)

Program Description

Executive Order 12837, "Deficit Control and Productivity Improvement in the Administration of the Federal Government", dated February 10, 1993, mandated reductions. Office of Management and Budget Bulletin No. 93-09 provides instructions to the heads of executive departments and establishments on achieving the reduction.

	1995	1996	1997	1998	1999
Performance Measures:					
Improved data products	0	0	0	0	0
Cost and Benefits:					
Direct Obligations:					
Uncapitalized	(21)	(43)	(81)	(81)	(81)
Budget Authority	(21)	(43)	(81)	(81)	(81)
Outlays	(20)	(42)	(79)	(80)	(81)
FTE	0	0	0	0	0
Benefits, in dollars	0	0	0	0	0

Exhibit 13

Department of Commerce
General Administration
Office of Inspector General
DECREASE FOR 1995
(Dollar amounts in thousands)

		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Inspector General	POS./BA	214	$17,113	214	$16,925	0	($188)
	FTE/OBL.	201		198		(3)	

FTE Savings ($188)

Program Description

Executive Order 12839, "Reduction of 100,000 Federal Positions", dated February 10, 1993, mandated FTE and associated salary and benefit reductions. Office of Management and Budget Bulletin No. 93-08 provides instructions to the heads of executive departments and establishments on achieving the reduction.

	1995	1996	1997	1998	1999
Performance Measures:					
Improved data products	0	0	0	0	0
Cost and Benefits:					
Direct Obligations:					
Uncapitalized	(188)	(188)	(188)	(188)	(188)
Budget Authority	(188)	(188)	(188)	(188)	(188)
Outlays	(180)	(185)	(188)	(188)	(188)
FTE	(3)	(3)	(3)	(3)	(3)
Benefits, in dollars	0	0	0	0	0

Exhibit 14

Department of Commerce
General Administration
Office of Inspector General
PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Activity: INSPECTOR GENERAL
Subactivity: Audits
Program change: FTE savings

Title:	Grade	Number	Annual Salary	Total Salaries
Auditor	14	(1)	56,627	(56,627)
Auditor	13	(2)	47,920	(95,840)
Total		(3)		(152,467)

Personnel Data	
Full-Time Equivalent Employment:	
Full-time permanent	(3)
Other than full-time permanent	0
Total	(3)
Authorized Positions:	
Full-time permanent	0
Other than full-time permanent	0
Total	0

Exhibit 15

Department of Commerce
General Administration
Office of Inspector General
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: INSPECTOR GENERAL
Subactivity: Audits
Program change: Administrative savings

	Object Class	1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.9	Total personnel compensation	0
12.1	Civilian personnel benefits	0
21	Travel and transportation of persons	(1)
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	(4)
24	Printing and reproduction	(1)
25.1	Consulting services	
25.2	Other services	(12)
25.3	Purchases of goods and services from Gov't accounts	
26	Supplies and materials	(3)
31	Equipment	0
99	Direct obligations	(21)

Exhibit 15

Department of Commerce
General Administration
Office of Inspector General
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: INSPECTOR GENERAL
Subactivity: Audits
Program change: FTE savings

	Object Class	1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	(152)
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.9	Total personnel compensation	(152)
12.1	Civilian personnel benefits	(36)
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental paym	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Consulting services	0
25.2	Other services	0
25.3	Purchase of goods and services from Gov't accounts	0
26	Supplies and materials	0
31	Equipment	0
99	Direct obligations	(188)

Exhibit 16

Department of Commerce
General Administration
Office of Inspector General
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate 1/	Increase/ (Decrease) over 1995 Base
11	Personnel compensation					
11.1	Full-time permanent	10,020	10,144	10,766	10,614	(152)
11.3	Other than full-time permanent	21	50	50	50	0
11.5	Other personnel compensation	255	262	291	291	0
11.9	Total personnel compensation	10,296	10,456	11,107	10,955	(152)
12.1	Civilian personnel benefits	1,888	2,305	2,390	2,354	(36)
21	Travel and transportation of persons	604	533	583	582	(1)
22	Transportation of things	8	12	12	12	0
23.1	Rental payments to GSA	1,330	1,400	1,447	1,447	0
23.2	Rental payments to others	21	1'	25	25	0
23.3	Commun., util., misc. charges	118	101	126	122	(4)
24	Printing and reproduction	33	40	41	40	(1)
25.1	Consulting services	0	0	0	0	0
25.2	Other services	254	236	236	224	(12)
25.3	Purchase of goods and services from Gov't accounts	964	776	1,013		0
26	Supplies and materials	79	79	81	78	(3)
31	Equipment	87	51	52	52	0
99	Total Obligations	15,682	16,000	17,113	16,904	(209)
	Less prior year recoveries			0	0	
	Total Budget Authority			17,113	16,904	(209)

1/ Object class spread differs from that reflected in the President's budget.

Exhibit 16

Department of Commerce
General Administration
Office of Inspector General
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
Personnel Data					
Full-Time Equivalent Employment:					
Full-time permanent	185	200	200	197	(3)
Other than full-time permanent	1	1	1	1	0
Total	186	201	201	198	(3)
Authorized Positions:					
Full-time permanent	213	213	213	213	0
Other than full-time permanent	1	1	1	1	0
Total	214	214	214	214	0

Exhibit 17

Department of Commerce
General Administration
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	112	112	0
	Senior executive service	47	867	867	0
	General schedule	575	9,787	9,635	(152)
		-------	-------	-------	-------
	Subtotal	622	10,766	10,614	(152)
11.3	Other than full-time permanent				
	General schedule	0	50	50	0
		-------	-------	-------	-------
	Subtotal	0	50	50	0
11.5	Other personnel compensation				
	Overtime	29	146	146	0
	SES performance awards	0	45	45	0
	Cash awards	0	100	100	0
		-------	-------	-------	-------
	Subtotal	29	291	291	0
		-------	-------	-------	-------
11.9	Total personnel compensation	651	11,107	10,955	(152)

Exhibit 17

Department of Commerce
General Administration
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
12.1	Civilian personnel benefits				
	Civil Service Retirement System	93	648	641	(7)
	Federal Employees' Retirement System	33	643	632	(11)
	Thrift Savings Plan	45	187	184	(3)
	Federal Insurance Contribution Act	29	282	277	(5)
	Health insurance	38	519	509	(10)
	Life insurance	0	19	19	0
	Employees' Compensation Fund	(153)	92	92	0
	Subtotal	85	2,390	2,354	(36)
21	Travel and transportation of persons				
	Common carrier	25	289	288	(1)
	Mileage	0	17	17	0
	Per diem/actual	25	241	241	0
	Vehicular	0	32	32	0
	Other	0	4	4	0
	Subtotal	50	583	582	(1)
22	Transportation of things	0	12	12	0
23.1	Rental payments to GSA	47	1,447	1,447	0
23.2	Rental payments to others	14	25	25	0

Exhibit 17

Department of Commerce
General Administration
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
23.3	Communications, utilities and misc. charges				
	Rental of ADP equipment	0	2	2	0
	Rental of office copying equipment	0	2	2	0
	Other equipment rental	0	11	11	0
	Federal telecommunications system	0	36	36	0
	Other telecommunications services	25	68	64	(4)
	Postal Service by USPS	0	7	7	0
	Other	0	0	0	0
	Subtotal	25	126	122	(4)
24	Printing and reproduction				
	Publications	1	36	35	(1)
	Other	0	5	5	0
	Subtotal	1	41	40	(1)
25.1	Consulting services				
	Management & professional support services	0	0	0	0
	Studies, analyses, & evaluation	0	0	0	0
	Engineering & technical services	0	0	0	0
	Subtotal	0	0	0	0
25.2	Other services				
	Training:				
	University	0	15	15	0
	Other	0	29	29	0
	Maintenance of equipment	0	31	31	0
	ADP services	0	41	41	0

Exhibit 17

Department of Commerce
General Administration
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
	Telecommunications services	0	2	2	0
	Other non-government contracts	0	0	0	0
	Other	0	118	106	(12)
	Subtotal	0	236	224	(12)
25.3	Purchases of goods and services from Gov't accounts				
	Office of Personnel Management Training	0	18	18	0
	GSA reimbursable services	0	3	3	0
	Payments to GA, WCF	237	992	992	0
	Subtotal	237	1,013	1,013	0
26	Supplies and materials				
	Office supplies	2	13	13	0
	ADP supplies	0	12	12	0
	Other	0	56	53	(3)
	Subtotal	2	81	78	(3)

Exhibit 17

Department of Commerce
General Administration
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
31	Equipment				
	Office machines and equipment	1	11	11	0
	ADP hardware	0	12	12	0
	ADP software	0	24	24	0
	Other	0	5	5	0
	Subtotal	1	52	52	0
99	Total Obligations	1,113	17,113	16,904	(209)
	Less prior year recoveries	0	0	0	
	Total Budget Authority	1,113	17,113	16,904	(209)

Exhibit 31

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Office of Inspector General
APPROPRIATION SUMMARY STATEMENT

Appropriation: Office of Inspector General

The appropriation "Office of Inspector General" provides for the detection and the prevention of fraud, waste, abuse and mismanagement of government funds in Commerce programs and operations; promotes economy and efficiency in Commerce operations; and assists the Department in reducing costs and in providing more effective delivery of programs.

The Office of Inspector General performs agency-wide audits, inspections and investigations to identify and correct management and administrative deficiencies which create conditions for existing or potential instances of fraud, waste and mismanagement. In carrying out these responsibilities the office will concentrate on those programs and operations which have the greatest potential for identifying fraud, recovering funds, precluding unnecessary outlays, and improving management.

Accomplishments planned for FY 1995 include:

- Ensure audits are performed of Departmental financial statements in accordance with the requirements of the Chief Financial Officers Act of 1990.
- Improve the value of the Inspector General's findings and recommendations to senior Department management.
- Enhance the Inspector General's ability to review areas of high technology, especially automated data processing systems.

Exhibit 33

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Office of Inspector General
APPROPRIATION LANGUAGE AND CODE CITATIONS

Appropriation: Office of Inspector General

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $16,904,000.

5 U.S.C. App.3, as amended by P.L.100-504

Section 2 of the Inspector General Act of 1978 (5 U.S.C. App.3), as amended, provides that "in order to create independent and objective units - (1) to conduct and supervise audits and investigations relating to programs and operations of the establishments listed in section 11(2)...there is hereby established in each of such establishments an Office of Inspector General." Section 11(2) of the Act reads, "the term 'establishment' means the Department of... Commerce..."

31 U.S.C sec. 1105, as amended by P.L.100-504

The Inspector General Act Amendments of 1989 (P.L.100-504) amended 31 U.S.C. sec. 1105(a). As amended, this section provides that "the President shall include in each budget the following... a separate appropriation account for appropriations for each Office of Inspector General of an establishment defined under section 11(2) of the Inspector General Act of 1978."

Exhibit 34

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Office of Inspector General
CONSULTING AND RELATED SERVICES
(Obligations in thousands)

	1993 Actual	1994 Estimate	1995 Estimate
Consulting services	$0	$0	$0
Management and professional services	0	0	0
Special studies and analyses	0	0	0
Management and Support services for research and development	0	0	0
TOTAL	0	0	0

The Department of Commerce has established a comprehensive system for identifying and reviewing all proposed contracts and personnel appointments for consulting and advisory and assistance services. The Deputy Secretary is responsible for the overall control and approval of these services throughout the Department. The Associate Deputy Secretary has generally been assigned responsibility to oversee the ongoing operation of the system and to approve requests above the minimum dollar threshold of $25,000.

The Inspector General Act of 1978 authorizes the Office of Inspector General to obtain such temporary technical assistance as needed to carry out the requirements of the Act. Since these needs for technical assistance are so varied and generally for limited periods of time, it would be advantageous to obtain this assistance through contracts and temporary employees rather than full time employees with all of the attendant costs. The services provided include analytical advice and assistance to the Inspector General in the areas of management science; computer science, economics, and industrial, system and software engineering.

Exhibit 35

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Office of Inspector General
PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS
(Obligations in thousands)

	1992 Actual	1993 Estimate	1994 Estimate	1995 Estimate
Periodicals	$0	$0	$0	$0
Pamphlets	0	0	0	0
Audiovisuals	0	0	0	0
TOTAL	0	0	0	0

Exhibit 36

DEPARTMENT OF COMMERCE
GENERAL ADMINISTRATION

Office of Inspector General
AVERAGE GRADES AND SALARIES

	1993 Actual	1994 Estimate	1995 Estimate
Average ES Grade	4.00	4.00	4.00
Average GS/GM Grade	12.10	12.10	12.10
Average GS/GM Salary	$44,473	$44,937	$47,000

OPENING STATEMENT

Mr. DEGEORGE. Thank you, Mr. Chairman. I think I will just go quickly through the statement, sir, in order to save the committee's time. There are just a couple of points that I want to make that are over and above the statement.

With the implementation of the CFO Act three or four years ago, the requirements for the Office of Administration in creating financial statements and the requirements of the CFO, the IG, to audit the statements have been very intensive and very expensive. Due to various budgetary restraints, this committee, and others, have held those increases to a minimum. We are finding it very, very difficult to, in effect, accomplish what the legislation requires without some increased direct funding. That is one point.

The second point that I would like to make is that with the NPR, the National Performance Review, under the Vice President, IGs are being used in a new and exciting way. They are being welcomed to the management table; their views are being requested in an evaluative sense.

My statement discusses three of those pieces of work that I think make an important contribution to the policy calls of the Department. Needless to say, the Department is quite broad. We deal with trade policy, export licensing policy, economic development, National Technology Administration, and the technical growth products are growing exponentially. For instance, the ability for us to deal with a growth that might be three or four times what we are spending in economic development three or four years ago combined with loan guarantees when they are added to the audit process, make our workload five times as much from an auditing viewpoint. So if we take programmatic increases in NIST and EDA, add to that the NPR requirements for evaluation, long-term evaluation, which I think is the IG's mission, and add to it the work required of the CFO Act, we are hurting. We have to decide together how we deal with those issues.

The Department has been supportive of funding our audit efforts in the next year by assessing the agencies for additional funds. I would simply say that the permanent funding of the IG in this appropriation would be much more helpful than expenditures that are being lent to us, so to speak, in order to accomplish the CFO responsibilities.

I would like to close by talking about a couple of reports that we have recently done, which I think may be of interest to the committee. There are three that are mentioned in the testimony.

The first is the review of the export licensing process, which our office headed. This was a four Inspector General department review, which was an attempt to confirm the process and determine who was responsible for making licensing decisions. Up to this point in time, the records were inconclusive; the licensing records did not talk to who made decisions. It was a clear problem of identifying who was responsible for making decisions, particularly dual-licensing difficult decisions.

The second is a report that dealt with the steel case review in recent antidumping appeals. Countervailing is also an important part of the government's responsibility. The report concluded that we did not have within the Department an adequate staff to deal with this very burdensome caseload.

I anticipate that this is not the first time that the Department will have difficulty in dealing with issues—like machine tool problems—that are tough and troublesome. We must do a better job of making judgments on the imports that are authorized under the Export Trading Act.

We have done a lot of other work, Mr. Chairman, which deals with the financial statements and have moved generally in the direction of implementing final audits of our agencies. My biggest problem right now is the size of our office—I note Mr. Rogers' comments about the growth in the Office of the Assistant Secretary. Our office has about the same number of people we had 10 years ago. The expenses are higher because of the costs of doing business today, but virtually we have the same staff to do the job that has, I would say, at least had a fivefold increase since 1984.

This committee has customarily dealt in some detail with other program issues. I think the best way to leave the rest of this hearing is that, in addition to other areas of my own budget, that you might want to address other program questions that might be helpful to you in making your decisions in a very difficult time.

Mr. MOLLOHAN. Thank you, Mr. DeGeorge.

[The prepared statement of Mr. DeGeorge follows:]

STATEMENT BY

FRANK DEGEORGE
INSPECTOR GENERAL
U.S. DEPARTMENT OF COMMERCE

BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES

APRIL 13, 1994

Mr. Chairman and members of the Subcommittee, I am pleased to appear before you today in support of the fiscal year 1995 budget request for the Office of Inspector General.

Our request for $16,904,000 reflects an increase of $904,000 over our fiscal year 1994 budget. The increase represents a partial adjustment for our current programs. The increase needed to maintain our current level has been reduced by $209,000 as part of the President's effort to reduce personnel and administrative costs.

Before discussing our budget needs, I would like to summarize some of our work during the past year that I believe clearly demonstrates the benefits of our office.

We are continuing to monitor the Weather Service's acquisition of the Next Generation Weather Radar (NEXRAD) system. While overall progress is being made in deploying the system, problems continue. The original spare parts estimate for this system was quite high, in the $160 million range, much more than it should have been. In April 1993, we became aware that NOAA had been paying extremely high prices for certain NEXRAD spare parts that were being acquired through the prime contractor. For example, before we got involved, NOAA was paying over $5,000 for a spare part commercially available for $500, up to $15,000 for another part available for $2,600, and about $3,000 for a third that is available for $250.

We have strongly supported with audit assistance the price negotiations with the prime contractor on pending acquisitions and have recommended that for future buys, NOAA acquire spare parts directly from subcontract manufacturers rather than from the prime contractor. We have also urged NOAA's Systems Program Office to base additional spare part buys on more current usage factors. Total savings in this area in the future will be quite high--probably exceeding $40 million that NOAA will not have to request from you.

Our review of the Import Administration's steel dumping investigations and the overall management of its workload identified weaknesses in the way the agency conducts its operations. In our opinion, procedures for verifying antidumping questionnaire responses did not probe deeply enough for indications of inaccurate or deceptive responses. We also found that internal control weaknesses created significant problems in calculating and issuing preliminary and final duty margin determinations for the steel cases.

Working with the Inspectors General at Defense, State, and Energy, we led a special review of export licensing procedures for munitions and dual-use commodities. The interagency team identified several problems with the process for licensing dual-use commodities.

First, an ongoing interagency disagreement regarding which license applications would be referred for the review and comment of other agencies has prevented the licensing process from working efficiently and effectively. Second, Commerce's Bureau of Export Administration was not following up with exporters who failed to submit evidence of compliance with license conditions. Third, Commerce overseas personnel failed to follow guidelines for (1) pre-license checks of end-user information and (2) post-shipment verifications of compliance with the terms of a license. As a result, the Bureau had no assurance that exporters complied with conditions placed on licenses or that the checks and verifications were effective.

We recently completed an assessment of the National Marine Fisheries Service habitat protection program to evaluate its effectiveness and determine whether it was adequately safeguarding the habitats of living marine resources. In the long term, the loss of habitats may present the greatest threat to the viability of our marine fisheries. We concluded that if the Department is to play a major role in protecting the habitats of marine resources and reversing the current trends of declining fish populations, NOAA leadership must be more involved in marine fisheries issues, and NMFS needs to demonstrate a stronger national direction.

These are but a few of the wide-ranging issues and programs that we have addressed during the past year. However, the programs and issues requiring our attention keep increasing. The 1995 proposed Commerce budget totals over $1 billion for financial assistance programs (grants, cooperative agreements, and loan guarantees), accounting for 26 percent of the Department's total budget. This represents an enormous increase in these programs, primarily within EDA, NTIA, and NIST. These programs are a critical component of the President's initiative toward "Economic Development and Civilian Technology."

If the Department's proposed 1995 budget request is approved, financial assistance programs will grow by nearly $619 million over 1992 levels. The OIG budget, meanwhile, has had only a minimal increase. At our FY 1994 budget hearing before this subcommittee, I was asked whether Commerce agencies would be able to handle the dramatic infusion of new funds. I stated that they could, but with a caveat. One year later, that caveat still exists: administrative and evaluative mechanisms must be in place to ensure appropriate accountability of financial assistance awards. As I stated last year, capable program personnel and sufficient audit staffing will be needed to monitor the implementation of these programs and to ensure that award recipients properly account for federal funds. The staffing increases projected by the Department are not adequate to manage and monitor these increased programs. Agencies should be provided additional staffing for these programs.

The National Competitiveness Act of 1994 suggested that a nominal percentage of funding for NIST's assistance programs be set aside for audits and evaluations. I would be glad to work with the Subcommittee to develop similar language for other major Departmental initiatives; sound financial systems, fiscal audits, and evaluations ought to be viewed as part of the basic cost of doing business.

Once again, I should point out that to date the Commerce OIG has not received any direct funding for conducting the audits of agency financial statements mandated by the CFO Act. To partially meet this shortfall, we have reallocated almost 20 percent of our audit resources to implement the CFO Act requirements. However, even with all the expertise and motivation in the world, 20 people cannot do a job that requires at least 55. Without additional funding, to put more resources into CFO work would severely hamper our ability to carry out other important activities--investigations, inspections, performance audits, and evaluations.

Because Commerce is significantly lagging behind other agencies in meeting the CFO Act requirements, the Department has agreed to make available reimbursable funds of

$2.0 million to the OIG in FY 1994 for conducting CFO audits. We are now in the process of hiring limited term auditors to perform much of this work. The FY 1995 Commerce budget request anticipates providing reimbursable funds of about $3.6 million for CFO Act audits. These reimbursable funds provided in FY 1994 and anticipated in FY 1995 will greatly increase the OIG's ability to meet the CFO audit requirements. However, total dependence on reimbursable funds to accomplish the CFO work is highly undesirable.

The uncertainty surrounding continued availability of reimbursable funds limits the alternatives for using these funds and will result in contracting with public accounting firms for some of the CFO audit work--actually a more costly alternative than doing the audits with our own staff.

To ensure the independence of OIGs, the Congress several years ago amended the Inspector General legislation to require that statutory IGs have their own appropriation. In requiring the separate appropriation, the Congress was sending a clear message that OIG funding should not be unduly influenced by the horse-trading involved in budgetary decision-making. Continued reliance on the very Commerce agencies being audited to provide funding for a significant part of OIG work could seriously erode our congressional mandate for independence.

In summary, I urge you to fully fund the Commerce OIG's FY 1995 budget request of $16,904,000 and include language in Commerce's FY 1995 appropriations setting aside a nominal percentage of financial assistance funds for OIG audits and evaluations. I also urge you to seriously consider including the $3.574 million reimbursable funds for CFO audits in the OIG's base appropriation.

This completes my statement, Mr. Chairman; I will be pleased to address any questions.

1995 BUDGET REQUEST

Mr. MOLLOHAN. You highlight the increased funding in the Commerce Department in a lot of different areas, the grant areas, the guaranteed loan program areas, the growth areas of the Commerce Department. We take it that proportionately you feel that your budget should grow, and you highlight the fact that you are staffed at a level that now——

Mr. DEGEORGE. I think the staffing for EDA has gone through a 12-year drawdown. I think the budget request is for one additional person for EDA in 1995. That is my understanding. At the same time, the budget requests for public works grants is up about $200 million. The average grant is a couple hundred thousand to $1 million. That is a lot of administrative burden to dump on a very decreased staff.

I also would say that a lot of the staff that have left the agency have been the better people in EDA. I have talked to Will Ginsberg myself about reinvigorating the economic development process, in addition to looking at the processes.

As Mr. Bloom said, you are going to have to look at the capabilities of making the judgments and soliciting the grants, and at that point, for instance, what has been customarily in front of this Department and this subcommittee is the economic development initiatives, which my recommendations have been pretty firm on. I really do not believe that this committee ought to legislatively direct that staff be placed—and its budget is at 49 staff for doing economic development representative work. I could get into a debate on that. It is something that I would strongly suggest you look at as far as removing that appropriation restriction. But it is clear to me EDA needs more people.

Mr. MOLLOHAN. I am advised by the staff we did do that actually in 1994.

Mr. DEGEORGE. The restriction has been removed? Well, then I congratulate you.

EDA

Mr. MOLLOHAN. Let's take EDA for a second. What are you suggesting with regard to EDA?

Mr. DEGEORGE. I think you ought to make a judgment as to whether they have enough staff to properly administer the program.

Mr. MOLLOHAN. Are you looking how they are organized, how that might affect efficiency, and the timeliness of the processing or grant applications, for example?

Mr. DEGEORGE. We have looked at the whole organization. I don't think Mr. Ginsberg has decided on how he is going to revise or reorganize EDA to deal with his increased workload.

Mr. MOLLOHAN. What do you have to say about the old organization?

Mr. DEGEORGE. What does he have to say?

Mr. MOLLOHAN. What do you have to say?

Mr. DEGEORGE. I guess three things.

PROCESSING OF EDA GRANT APPLICATIONS

Mr. MOLLOHAN. I will tell you where I am coming from. It just seems to us as Representatives of various areas where these grant applications have been filed from, it takes an inordinate amount of time to process them.

Mr. DEGEORGE. I think that is correct, but that may be because they don't have enough people in the field; it may be because the decisions go back and forth between the original application, back to Washington, the authorizations. There are questions as to who can make what final decisions.

Mr. MOLLOHAN. I think if it went back to Washington, it would probably be far more efficient, but it goes back to several other layers in the process and they have to make the same decisions. I am asking you if you have looked at it, and if you haven't looked at it carefully enough, then it is fair to say that, but if you have, I would really be curious. Maybe you are the person that would make a judgment on that.

It seems to us to go from level to level and the same pieces of paper are massaged in the same ways, and generally the same decisions are made as it goes up, and that takes an awfully long period of time. Is that necessary? Are those observations right and do you feel that that multilevel of decision-making is necessary?

Mr. DEGEORGE. You are partially right, Mr. Chairman. I think the problem is that, in effect, the policy decision—what types of grant applications—goes forth from Washington. These policies have changed from administrator to administrator. It might be rural, urban, incubators, et cetera. There have been different emphases and reemphases as to the type of solicitations requested. Once that information gets to the field, either coming from EDRs or coming through the local staff, solicitations are requested and, they come back into the process.

There is a question in my mind as to whether the measures of a successful or reasonably successful grant have been well explained to everyone. They use obsolete premises on the number of jobs that ought to be produced. I think they still require $10,000 per job as a general characterization as to how many jobs you should justify. I think the whole question as to whether you justify jobs or not is academic.

Mr. MOLLOHAN. I am interested in updating the criteria, but that is not exactly my request. I have had this curiosity and I have expressed the frustration about the multi decision-making layers, or however is the right way to say it, from the State to the regional to some office in central headquarters and then to some real decision-maker which I guess is the director. And if you concern about the time it is taking to process your grant, the answer is: "It is in Philadelphia and, gee, it really looks great and we thought it was terrific, but they have to sign off on it." And then somehow Philadelphia signs off on it and then you ask Philadelphia where it is, and they say, "it looks great, the field office thought it was a terrific application eight months ago and we just got finished with it, and now it is in Washington, in the legal office, and you ought to get an answer in two weeks."

I can't tell you how many two week answers end up being four month answers. I don't want to overdramatize this. But what I am asking you is specifically——

Mr. DeGeorge. That is a fair description.

Mr. Mollohan. Well, I know it is an accurate recounting of experiences with a number of different grants.

What I am asking is, systemically, organizationally, do you feel that it is necessary—and the answer may be yes, I don't know—do you feel it is necessary to have all of those levels of decision-making, to go through about the same drill from the time it is dealt with in the field at the State level all the way up through Philadelphia and up through Washington?

Mr. DeGeorge. I don't think it is necessary.

Mr. Mollohan. Well, that is an area to save a lot of money then, I would think.

Mr. DeGeorge. Well, as a practical reality, grants generally come through the EDRs to the local office of which I believe there are about five or six regional offices. That is the first intake. And then it goes to Washington. There are no intermediate offices, to my knowledge, between Philadelphia, Atlanta, et cetera. The grants are forwarded directly to the Deputy Assistant Secretary who is in charge of the program.

I can't speak with exact knowledge as to how they fit all of the requests in or when the decisions are made. I know that the program dollars were previously allocated to each region.

Mr. Mollohan. As part of your job, do you look at things like, the process to make a judgment about whether certain process is necessary?

Mr. DeGeorge. Yes, we do.

Mr. Mollohan. Have you looked at EDA?

Mr. DeGeorge. Not in EDA. Not in the last several years. Our problems have been other than the timing of the awards. We have had more substantial problems in loan guarantees in the past: Grant decisions, changes in scope, et cetera.

The best advice I could give anyone who wanted to look at the system, and I think Mr. Ginsberg is moving in that direction, is to simplify the delegations so that people in the regional offices can understand what are their responsibilities.

I do not think the paperwork has to pass back and forth as much has been required previously. I think the decisions and allocations of certain dollars to an area should be honored unless there is something wrong. The decisions on who should receive the grants generally should be honored at the local area, and I think there has to be some review in Washington. The question of how much review is the issue. I think most of the expertise exists locally and I think those decisions can be made locally.

There have been cases where the regional folks are told the grants are going to be made and there are problems with, justifying individual requests. But the comment is a justifiable one. I think the process could be streamlined.

Mr. Mollohan. I would be interested in hearing you further comment on that, perhaps outside the context of this hearing.

Mr. DeGeorge. Surely.

EDA LOAN GUARANTEE PROGRAM

Mr. MOLLOHAN. The administration, Mr. Inspector General, is proposing a new economic development loan program for EDA in its budget request. There is some concern about its appropriateness for EDA and how it might duplicate loan guarantee programs in SBA. Have you looked at that request?

Mr. DEGEORGE. Well, the loan guarantee program was stopped several years ago, as you are aware. I think the budget request is for $50 million, which probably translates into a quarter of a million dollars of loan guarantees.

While I think the EDA has done a much better job in administrating its loan guarantees over the last 10 to 20 years than it did earlier, I wonder if this is the time to add a new program. There are some redundancies between the SBA program and the economic development program in loan guarantees. But remember, SBA loans go essentially to small and private businessmen. It is really targeted to individual businesses.

EDA loan guarantees have traditionally gone to bigger, larger companies, companies that have had substantial financing problems—loans I guess I would say almost of last resort.

I don't have any problem with the management of EDA getting back into the loan guarantee business per se. I think what the committees ought to decide is how much money they can afford to spend in these areas and look at the process as to the way the program is to be implemented. I think some processes however, have to be improved. Example: The higher the percentage of loan guarantee, the more problems you have. If you have a 90 percent loan guarantee which EDA has traditionally had, the banks do not really pay enough attention to their fiduciary responsibilities.

Mr. MOLLOHAN. I guess I am looking for more of a policy judgment on your part about the extent to which this proposal is duplicative.

Mr. DEGEORGE. I have not looked at the EDA loan program versus the SBA program, Mr. Chairman. I am not even certain if the 7–J program in Labor is still in place. There are other agencies I know that make loan guarantees that are almost similar.

EDA DEFENSE CONVERSION

Mr. MOLLOHAN. Let me ask you another question. Another area of increasing emphasis in the EDA budget is defense conversion.

Mr. DEGEORGE. Yes.

Mr. MOLLOHAN. Have you looked at how money is being diverted out of what I would call the "traditional EDA grant program" for defense conversion purposes?

Mr. DEGEORGE. The Department has received——

Mr. MOLLOHAN. I am sorry, I wasn't quite finished. But go ahead.

Mr. DEGEORGE. The Department has received $130 million for grant guarantees for defense conversion, which are for one of two reasons: Imminent closures of military bases or the closing of defense-related businesses. We have taken a look at the first 20 or 30 of those specific awards and we have some questions as to how the decision process is being made.

I don't think anyone is doing it on purpose, but I think there ought to be a very close relationship to a base closure. I don't think that base closures should be used as an excuse to get more economic development money per se. The funds were not intended to be fungible either, from my viewpoint. I think that the economic development money should not be given to defense closures, and I think defense closure money ought to be spent on defense closures. So the question is whether the committee or the Economic Development Administration thinks it is fungible or not and what are the requirements for getting the defense conversion money.

Mr. MOLLOHAN. Have you looked at that?

Mr. DEGEORGE. Yes. We have an audit in process right now.

EDA AUDIT REPORT

Mr. MOLLOHAN. Have you looked at it previously where you have an audit that was in process and you finished and reached conclusions?

Mr. DEGEORGE. Well, remember, there have only been 20 or 30 of these grants made.

Mr. MOLLOHAN. I understand. Have you done that?

Mr. DEGEORGE. Yes, we have looked at them. Of the first six or seven we had some problems with two or three.

Mr. MOLLOHAN. Do you have pieces of paper on that?

Mr. DEGEORGE. We will have a draft audit report in the next 30 days.

Mr. MOLLOHAN. Which will contain that?

Mr. DEGEORGE. Which will look at the first 20 or 30 awards and will reach some judgments as to whether we think it is meeting the intent of the legislation.

Mr. MOLLOHAN. Can you give us an indication now of what your conclusions will be?

Mr. DEGEORGE. I really can't. The first time through we looked at the first six—I don't think six is enough to make a judgment and that is all we have finished. We are trying to do 25 or 30 to reach a bigger caseload.

My view is that you ought to have some kind of relationship in time between awards and timing of the defense closure. I don't want it to be just more EDA money available to everyone.

Mr. MOLLOHAN. Has there been any diversion of money from traditional economic development grant programs to defense conversion programs?

Mr. DEGEORGE. Not to my knowledge, no, sir.

Mr. MOLLOHAN. Have you looked at that issue?

Mr. DEGEORGE. No, not per se I don't think there has been many attempts to add more money to defense conversion. I think the $130 million that has been made available to date would certainly be adequate. But EDA will have to speak for themselves.

Mr. MOLLOHAN. Mr. Moran?

Mr. MORAN. Thank you, Mr. Mollohan. Let me follow up on Mr. Mollohan's concern about defense conversion. I will be very interested in seeing the results as well, Mr. DeGeorge.

My impression at first blush is that the defense conversion rhetoric is far divorced from the reality of what actually happens with the money. I think a lot of communities are going to come to the conclusion eventually that this is a bit of a sham, the defense conversion concept. And I am not sure how it works even conceptually, although I have read an awful lot of articles about it, all of which sound good, but unless there is a buyer for a product and unless there are skills that are immediately marketable, I can't see what the training produces. It keeps people off the streets I suppose for a while, if you put them into some kind of a conversion-type training, but that turns out to be a hollow promise eventually unless you have the pace of economic activity that is going to absorb them into the labor force. I don't see that happening any place where a base has closed. I don't see much prospect for it either.

I get the impression, naturally—I am sorry to be so cynical—that it is kind of a salve; we are going to hand out a little money to make you feel a little better about it, and so I would like for you to let us know any positive results from the defense conversion stuff.

Norm Augustine's article—he is, as you know, the Chair of Martin Marietta, was instructive. It said that even with defense contractors, they really have to go out of business, close up shop and then be reborn with a new product and a new production line, and in some cases new workers. The economy just doesn't allow for that kind of media transition.

One of the problems is that the Federal Government has been so precise with its specifications and divorced from the real world of competition where the consumer is out there shopping not only for quality, but for price. There wasn't a lot of price shopping. And so defense contractors have learned to use products that may be of a very high quality, but really too high a quality to be marketable to the consumer. And they are also used to going through such a labyrinthine process of procurement that they are really not prepared to get into the very competitive marketing and sales demands of the private sector. Would you respond to some of those impressions?

EDA'S PROCUREMENT PROCESS

Mr. DeGeorge. Well, let me approach it from this viewpoint, Mr. Moran. One, I don't think that the EDA money is being spent for training per se. It is mostly for physical resources—sewers, roads, etc. It may be for in New England to help convert part of an Air Force base which I believe they may want to use for business purposes.

Mr. Moran. Give me a specific example. What do you mean, at Bedford?

Mr. DeGeorge. Yes.

Mr. Moran. So they are going to try to put some private airplanes in?

Mr. DeGeorge. I don't think so, I think they intend to build an industrial park or get civilian firms not necessarily the ones that have been in the defense business, to come in to work at the facility.

Mr. Moran [presiding]. Have you an EDA contract to do that?

Mr. DeGeorge. This is a public works grant that was issued. I would have to recheck——

Mr. Moran. Out of EDA money?

Mr. DEGEORGE. Yes. Out of the defense conversion money given to EDA, that is correct.

Mr. MORAN. I just want to get one concrete success story. So since you mentioned this, let me just pursue it a little bit. Was this the loan?

Mr. DEGEORGE. No. This was grant money. It may have been converted by the grant recipient into a loan to a local establishment; I am not certain of that, Mr. Moran. All I know is we looked at the first six and three seemed like they were projects that would help the unemployment situation. Not training per se, however. The other three look like they had no relationship at all to creating jobs or economic development in any sense that I would think would be productive.

The second issue I am concerned about is the timing. I am not interested, and I don't think it is logical to spend money on defense conversion for a place you expect to close down two or three years from now. I think there should be some direct relationship for funding to the sites that are closed already. And we ought not to use this as a fungible source of dollars to increase the economic development pot, per se. The funding was intended to be transferred for defense conversion.

The thrust of our audit report is that we want to look at it from the perspective of responsible utilization of defense conversion funds. The reason we haven't issued the report yet is that we wanted more cases and more examples. Six sites is not something I want to issue a report on. In the next 30 to 60 days, we will be able to give you more meaningful information.

Mr. MORAN. Good, except that we don't want to go far beyond six if we find a high proportion are not working. The fewer, the better.

Mr. DEGEORGE. I think it is a fair question to ask how both Labor's money for retraining and other agencies' money plus the defense conversion money is being utilized, whether it is generally for institutional buildings or sewer or roads or whatever. I think that would be my concern if I were sitting in your chair.

Mr. MORAN. We don't have a chance to ask this of Labor, because they don't come before us.

Mr. DEGEORGE. I will be glad to send you a letter, sir, and I can talk to the Labor folks.

Mr. MORAN. Okay. Actually, what I would like is one warm body that actually got Federal training where it actually led to a real job.

[The information follows:]

UTILIZATION OF EDA AND LABOR DEPARTMENT FUNDING

We anticipate that a letter will be completed by the first of June and forwarded to the committee.

[CLERK'S NOTE.—Subsequent to the hearing, the following letter was provided.]

UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

MAY 10 1994

Honorable James P. Moran
House of Representatives
Washington, D.C. 20515-4608

Dear Mr. Moran:

During the April 13, 1994, hearing before the House Appropriations Subcommittee on Commerce, Justice, State, the Judiciary and Related Agencies, you asked for information on whether EDA defense adjustment assistance money was being used for retraining programs and information on the Labor Department's retraining programs.

Out of the $210 million in defense conversion funds appropriated to date to EDA, about $6.3 million has gone for technical assistance projects for existing or new businesses, including worker retraining programs. Of the $6.3 million, the St. Louis County Economic Council has been awarded $4.5 million to continue a prior EDA public works project awarded in 1984. The defense award will rehabilitate two buildings for use as an advanced machining technology center to assist manufacturers with retooling and employee training in new manufacturing technologies.

The viability of the St. Louis grant is suspect. The proposed site is contaminated with toxic waste, and the Environmental Protection Agency has instituted strict covenants regarding the site's conversion or reuse. Despite the county's efforts over 10 years to make this project viable, it is doubtful whether additional EDA funds will salvage the project and be a prudent use of limited program funds. Considering the existing site constraints, we question whether this project will assist individuals or businesses affected by the defense cutbacks.

We have found that EDA defense adjustment assistance projects with worker retraining overlap more extensive and better funded projects through U.S. Department of Labor programs. The 1991 Congressional appropriation for DOD contained a $150 million transfer to Labor to assist workers dislocated by defense cutbacks. In addition, GAO reported that Labor has $855 million in fiscal year 1993 in nine programs for dislocated workers, including two existing programs specifically designated for workers adversely affected by military base closings. I have enclosed a copy of GAO's testimony entitled, "Dislocated Workers: Trade Adjustment Assistant Program Flawed," GAO/HRD-94-4, October 19, 1993. Page 7 of the testimony refers to the programs specifically targeted to workers adversely affected by military base closings. We are unable to address the success or failure of Labor's programs in producing jobs.

Worker retraining is a primary mission of the Labor Department, not EDA. Labor has more resources for and more expertise in worker retraining programs. EDA's focus is more on the community, specifically helping the communities mitigate the adverse impact from military base and defense contractor reductions and closures through planning grants and public works projects. We hope to issue an audit report on EDA's program within the next few months.

If you have any questions or need additional information, please let me know.

Sincerely,

(signed)
Frank DeGeorge

Francis D. DeGeorge
Inspector General

Enclosure

Mr. DEGEORGE. I don't think I will be much help in that regard. Because the EDA defense conversion money is not spent on warm bodies and training for jobs. The jobs maybe could be because you built something in this area and you temporarily hire someone, for six months or a year, have someone who is employed as a carpenter or as a plumber.

Mr. MORAN. I understand that. But the concept is that we are pulling EDA money, we try to leverage it with private money, we pull in Labor money to do training, we pull in other forms of assistance, not to mention a whole lot of unemployment comp while we are trying to figure out whether we are going to work out this transition, and then in the end we have people happy and employed and off the Federal rolls.

Mr. DEGEORGE. I don't think so. Not yet.

Mr. MORAN. I don't think there is one person yet where that has actually happened. But if you come across somebody, I would like to know about it for the record.

Mr. DEGEORGE. Yes, sir.

[The information follows:]

IG REPORT ON THE UTILIZATION OF DEFENSE CONVERSION FUNDS

Work is currently in process. A report should be completed by the end of July. A copy of the report will be forwarded to the committee when completed.

EDA VERSUS SBA'S LOAN PROGRAM

Mr. MORAN. Let me ask you a little about the EDA loan guarantee program, because while it sounds good that we are turning, what, $50 million into $269 million, if it went through SBA where you have a leverage rate of 2.7 percent, you could presumably turn $50 million into $1.5 billion.

Can we get on the record once more from your somewhat more, not cynical, chastened perspective on these Federal programs why this is such a better deal than the SBA program?

Mr. DEGEORGE. I can't speak to the SBA program. I would simply tell you that the pros and the cons from my viewpoint of the EDA loan guarantee program. Fifty million dollars of loan guarantees should produce $250 million of loan guarantees. This in turn will probably produce $100 million worth of losses somewhere down the line—my guess would be 40% if our experience is any guide.

Our management of loan guarantees has not been outstanding, although it has gotten better in the last five years, just about the time EDA went out of the business of making loan guarantees. The problem with the loan guarantee program is that we are giving loans to borrowers who are in severe trouble and can't generally get money from other resources.

Mr. MORAN. Under SBA?

Mr. DEGEORGE. No. Well, these are normally too big. This goes to larger companies. They are not given to people who normally qualify for the SBA loans.

Mr. MORAN. This is under EDA?

Mr. DEGEORGE. Under EDA.

Mr. MORAN. So that is the idea. If they can't get it in the private market because they are risky.

Mr. DeGeorge. That is right. I have scheduled to talk to Mr. Ginsberg next week about how he envisions the loan guarantee process working.

There is also a direct relationship between the loan guarantee percentage and the loss. When you have a 90 percent loan guarantee, the banks don't get very excited about their fiduciary responsibilities. When you have a 50 percent loan guarantee, then the bank feels compelled to do its job, and you are better off, generally. So then that means less money is guaranteed. It also means that the loan has to be a better deal; it has to be a better business proposition.

I don't think that the Department has decided exactly how they are going to manage the new loan guarantee program, but this is something that I am scheduled to sit down and talk to the EDA staff about the general growth in the public works side as well. To summarize, if EDA does issue $250 million in loan guarantees, their total will be close to $1 billion as contrasted to $200 million a couple of years ago. We are talking about a vastly increased management of disbursement of loans, guarantees, and public works grants.

But I am somewhat cynical about EDA's ability to secure the balance between a reasonable business proposition on the one hand and trying to save risky companies where a couple of million dollars might help them survive.

Mr. Moran. Okay. Good. And you will be commenting to our staff as to how the program develops. It is too early, obviously, you haven't gotten——

Mr. DeGeorge. Well, we will be looking at it. I don't think they have decided how they are going to construct their loan guarantee programs.

CENSUS SUPERCOMPUTER

Mr. Moran. All right, fine.

The Census Bureau, I understand, wants a supercomputer. Why does the Census Bureau need a supercomputer, and if they do, why does it need to be on site, physically on site?

Mr. DeGeorge. I am not sure they need a supercomputer either. And it doesn't seem like it is headed to be on site in Suitland; it looks like it will be headed to Bowie, Maryland.

Mr. Moran. Why would it be in Bowie, Maryland?

Mr. DeGeorge. Because the Treasury-Postal Service Appropriations Subcommittee decided they would build it in Bowie, Maryland, on University of Maryland land.

Mr. Moran. Do you, being a protector of the purse at the Commerce Department, do you think this is an optimal use of the Federal taxpayers' money?

Mr. DeGeorge. Well, we are going to get a building on state land. I guess, the question is whether there is a computer to go in it. Whether or not the decision should be made on this basis—the requirements that go to determining the need for a new supercomputer have not yet been submitted to the Department and are questionable. As soon as that justification is provided we will comment. We have a good technical staff that works in our office. We will make a judgment as to whether we think there is an actual requirement and we will send our advice on to the Department. But I know at the same time there is a building going up in——

Mr. MORAN. I noticed that, there is a building.

Mr. DEGEORGE. But there has been no decision as to what is going to go in that building.

Mr. MORAN. So if you build it, he will come. If you build a baseball field, your dreams are going to be realized, sort of that approach?

Mr. DEGEORGE. Probably.

Mr. MORAN. It is interesting. Maybe we need to start building more buildings in Northern Virginia and leave them open and just assume that——

Mr. ROGERS. I was under the understanding that you had.

Mr. MORAN. Well, we didn't build them with the expectation that our dreams would be fulfilled; they sort of got built and then the Federal Government fired the people that were supposed to fill them, or downsized, rightsized, supposedly. But anyway, we just want to make sure that there is a good justification for that type of activity.

Mr. DEGEORGE. Well, they are going to have to jump over those hurdles, Mr. Moran.

NEXRAD WEATHER RADAR ACQUISITION

Mr. MORAN. That would be encouraging.

I have another question in terms of the spare parts provision and the airplanes that we are buying for the Weather Service. But I think at this point we ought to let Mr. Rogers go forward for his questions.

Mr. ROGERS. Thank you, Mr. Chairman. I will follow up on that question. I understand you recommended that NOAA acquire spare parts directly from subcontract manufacturers rather than from prime contractors under future buys; is that correct?

Mr. DEGEORGE. Yes, sir.

Mr. ROGERS. Can any modification be made to existing contracts to allow for remedial savings on spare parts acquisition?

Mr. DEGEORGE. Well, on the NEXRAD contract, we had one modification that has been negotiated, but, fortunately, most of the rest have not been negotiated.

I don't think that there are other instances where additional spare parts could be done in the same manner. We are very encouraged about the ability to save money on the NEXRAD program however.

As an example, Mr. Rogers, the AWIPS program is basically a software-intensive program and the same logic would not be applicable.

Mr. ROGERS. Are there other areas of concern to you in the Weather Service's modernization plan?

Mr. DEGEORGE. There always have been. I have problems with the redirection of the planning office that has been established and some of the directions it is taking in the management of the Weather Service modernization. The AWIPS contract, which is the Advanced Weather Information Processing contract, has problems. There are some fairly severe problems between NOAA and PRC which need resolution.

Mr. ROGERS. Well, just this morning we were finally successful in launching GOES I; next GOES 8 will be in orbit.

Mr. DEGEORGE. Yes, sir.

Mr. ROGERS. How far behind are we?

Mr. DEGEORGE. Five years, I think.

Mr. ROGERS. Do you have any comments about it?

Mr. DEGEORGE. It was very expensive.

Mr. ROGERS. How much over budget?

Mr. DEGEORGE. I would have to supply that for the record. My memory is about $1.5 billion.

Mr. ROGERS. Over?

Mr. DEGEORGE. Yes, sir.

Mr. ROGERS. And why was that so?

Mr. DEGEORGE. For a lot of reasons, not the least of which is that it was a very difficult change in technology between a spinning satellite and a satellite that stayed in place.

NOAA did, a very poor job of management of the program. When you combine that with a very sophisticated procurement, the fact that the government doesn't buy large integrated systems very well anyway, and cost-type contract, a lot went wrong. There also were a number of technical problems that could have been anticipated.

In the last three years, both this administration and the previous one have moved energetically to complete the program. There were other problems to overcome.

NASA did a horrible job of managing the program. NASA really paid very little attention to the program. It was in one of those times when NASA seemed to have more than its share of technical problems.

Mr. ROGERS. Any recommendations for future activities?

Mr. DEGEORGE. I think that the satellite consolidations that are now being planned by this administration, which is something that we recommended many years ago. For the future, it would be a wise decision. We don't need different satellites for NASA and the Defense Department, exclusive of the intelligence community, and NOAA as well. There is much satellite consolidation work in the future that could save many billions of dollars if we put all of the instrumentation on fewer satellites.

Mr. ROGERS. Combined purposes satellites?

Mr. DEGEORGE. Yes, sir. Everyone might not get their optimum requirements, but there is no reason why you have to have two or three or four departments with separate independent satellites.

Mr. ROGERS. Is any effort going on in that respect?

CONSOLIDATED PROCUREMENT OF SATELLITES

Mr. DEGEORGE. Yes, sir, it is now. This administration is looking at consolidated procurements of satellites. I am very encouraged.

Mr. ROGERS. Good. Would we mix defense and civilian—

Mr. DEGEORGE. We would not mix the intelligence community with civilian. But the civilian side of NASA, the FAA and other civilian agencies requirements would be combined, there are many strong reasons to believe that the requirements could be boiled down to one satellite.

Mr. ROGERS. What agency is taking the lead if any is?

Mr. DEGEORGE. That is an interagency organization. I know that our Deputy Secretary and the Under Secretary of NOAA, Mr. Baker, along with the senior leadership in OMB are working together. I do not know the exact players right now. It was one of the strong recommendations of the National Performance Review that I think is really happening at this point.

Mr. ROGERS. Will you keep us posted as we go along?

Mr. DEGEORGE. Yes, sir.

Mr. ROGERS. It makes imminently good sense, on the surface, at least. You have obviously reflected upon it at some length.

Mr. DEGEORGE. I will be glad to send you a copy of a report, Mr. Rogers, that we issued a couple of years back that I think would be helpful.

[The information follows:]

APR 21 1994

Honorable Harold Rogers
Subcommittee on Commerce, Justice, State
the Judiciary, and Related Agencies
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

Dear Mr. Rogers:

I appreciated the opportunity to appear before your Subcommittee in support of our fiscal year 1995 appropriations request.

As promised during the hearing, I am enclosing a copy of a report we issued in February 1991, entitled "National Strategy for Satellite Remote Sensing Is Needed." Our report noted that three Federal agencies -- the National Aeronautics and Space Administration, the Department of Defense, and the Department of Commerce -- operate environmental satellite systems, but that no comprehensive planning mechanism exists to allow the three agencies to coordinate their future needs.

In our report, we recommended a governmentwide study of satellite remote sensing programs in order to give decisionmakers in the Administration and the Congress a framework for allocating resources. As a result of our review and the National Performance Review, the Department of Commerce is currently the White House's executive agent in working with NASA and Defense to define a converged environmental polar satellite program. We believe that this cooperation should result in substantial savings for all the agencies involved.

If you or your staff have additional questions, please call me or Marilyn Depew, my Congressional Liaison Officer, on 202-482-4661.

Sincerely,

(signed)
Frank DeGeorge

Francis D. DeGeorge

Enclosure

NATIONAL STRATEGY FOR SATELLITE REMOTE SENSING IS NEEDED

AIS-0003-0-0006

FEBRUARY 1991

TABLE OF CONTENTS

PAGE

EXECUTIVE SUMMARY i

INTRODUCTION 1

REMOTE SENSING HAS MANY IMPORTANT APPLICATIONS . . . 1

EXPANSION OF SATELLITE SYSTEMS IS PLANNED 2

PURPOSE AND SCOPE OF REVIEW 3

FINDINGS AND RECOMMENDATIONS 4

CROSSCUTTING STUDY IS NEEDED TO COORDINATE THE REVIEW AND PLANNING OF REMOTE SENSING PROGRAMS . . . 4

Limited Resources May Restrict Expansion of Programs 5
Consolidating Programs Should Be Studied as Part of a National Strategy 7
Other Issues That Should Be Addressed Through a National Strategy 9
Long-Range Strategy Would Also Benefit Private Sector 11
Conclusions 12
Recommendation 13
Agency Comments 13
OIG Comments 14

REFERENCES 15

APPENDIXES

I. OMB Comments
II. NASA Comments
III. NOAA Comments
IV. Dr. Baker's Comments

NATIONAL STRATEGY FOR SATELLITE REMOTE SENSING IS NEEDED

EXECUTIVE SUMMARY

Investment in space-based remote sensing of the Earth will increase greatly as current programs expand and new ones are begun to meet the growing demand for environmental data. Satellite systems are being planned to serve the operational, research, defense, and commercial sectors over the next 20 years at an estimated cost of between $26 billion and $36 billion. Each system would provide important data. but it is not certain that all will be funded or that sufficient management, technical, and industrial resources exist to successfully field them. A national strategy is needed to provide a framework for the decisionmakers who are evaluating the programs involved in this unprecedented expansion of space-based remote sensing.

No mechanism currently exists for the overall coordination and integrated planning of remote sensing systems operated by several federal agencies. Relationships between satellite systems, including potential duplication, are not always clear in the budget review process because initiatives for systems are submitted in different years by different agencies. The National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration, and the Department of Defense each operate environmental satellite systems. Although designed primarily to meet the needs of the agency developing the satellites, data from one system often is valuable to other users. For example, the primary mission of NOAA and DOD weather satellites is to support forecasting operations, but they also provide long-term data sets critical to global change research. On the other hand, NASA's Earth Observing System will orbit sensors for global change research that also will provide improved data to weather forecasting operations. Interagency committees established to share information and data are fostering cooperation and coordination, but do not serve as a comprehensive planning mechanism. (See page 4.)

Comprehensive planning will become even more important in the future. Budgets are likely to be constrained, making it difficult to sustain the high levels of funding needed over the 10- to 20-year life cycles typical for space systems. Past staffing problems and projected shortages of engineers and scientists raise doubts about the ability of government agencies and industry to successfully complete so many projects simultaneously. Increased demand for special parts and facilities to build space systems may overwhelm the limited number of providers. Although many of the systems being planned will not operate until the turn of the century, resources to develop these systems will be needed in the early to mid-1990s. Without comprehensive planning, resources may be spread too thin, thereby increasing the risk that projects will suffer cost overruns, schedule delays, and poor performance. (See page 5.)

Because of the long development lead-times and operating lives of satellite systems, decisions made today could affect the direction of space programs for decades. Programs should be reviewed on a governmentwide, long-term basis while all the

major planned systems are still in the early phases of development and changes can be made more cost-effectively. If it appears that funding and resources will constrain the full implementation of these programs, decisions should be made early enough to allow trade-offs between programs and to take advantage of opportunities to reduce costs through consolidating requirements. For example, combining NOAA's polar weather satellite system with DOD's weather satellite system or NASA's EOS might lessen overall demands for resources and reduce costs. (See page 7.)

Other examples of issues that should be addressed through long-range, integrated planning include the following:

- **When and at what cost will advanced instruments for research missions be able to fully support operational applications?** Although data needed to improve weather prediction models will be available from advanced instruments, research-oriented missions such as EOS are not being designed to provide the timeliness and reliability needed for operational missions such as weather forecasting. Duplicating just one of NASA's research instruments to ensure availability of superior data for NOAA's weather mission could cost $200 million. (See page 9.)

- **Should oceanographic data be provided by research or operational systems, or by both?** NASA's EOS platforms will include ocean sensors for scientific research. DOD and NOAA need similar data to support operational requirements. Duplicating ocean sensing capabilities to serve separate missions could cost several hundred million dollars. (See page 10.)

- **How does the timing of budget submissions affect the funding priority for requirements?** Data from the EOS Synthetic Aperture Radar will be critical for global change research and useful to civil, military, and commercial applications. However, funding for this radar will be requested in a separate initiative submitted several years after funding for other EOS instruments may be approved. The estimated $1 billion to $3 billion needed for SAR may not be approved, at which point it might be too late to make trade-offs with less important instruments. (See page 10.)

- **What priority should be given to continuing a land remote sensing capability in relation to other remote sensing programs?** Landsat data is important to civil, defense, and commercial sectors as well as to global change research, but there still is no agreement on plans or source funds to continue the system beyond Landsat 6. Extending the Landsat program for another 10 years was estimated to cost $800 million. (See page 11.)

- **What is the appropriate allocation of resources between research and operational needs?** NASA is planning for large geostationary research platforms at a time when problems in developing NOAA's Geostationary Operational Environmental Satellite system threaten our ability to monitor severe storms. A national emergency would result from failure of the only functioning GOES satellite before the next generation is ready. Would the nation be better served by directing research resources toward providing the technologies needed for future operational systems? (See page 11.)

In our September 1990 draft report, we recommended that the Office of Management and Budget oversee a governmentwide study of satellite remote sensing programs, cutting across agency and sector lines and considering needs for the next two decades. A crosscutting study is needed to serve as the basis for developing a national strategy for remote sensing. A national strategy would provide decisionmakers in the administration and Congress with a framework for allocating resources so that priority requirements can be met in the most cost-effective manner and national policies can be supported. Comprehensive planning also would allow for more focused consideration of commercial and industrial competitiveness issues in planning space programs.

In responding to our draft report, OMB commented that the concept was worth exploring, but felt it was too early to determine whether OMB should be designated as the leader in such a review. OMB plans to discuss the issues raised in our report with other agencies. Commerce, DOD, and NASA generally agreed that a governmentwide review would be beneficial. Formal responses were incorporated in our final report and are included as appendixes. In some instances, the responses consisted of informal comments. These were also incorporated into the final report. (See page 13 and the appendixes.)

We agree that OMB needs to discuss the issues with other agencies before deciding on a specific implementation approach. Additional discussion will facilitate governmentwide understanding of specific agency concerns and priorities, and allow other agencies to provide input on how the study should be conducted and who should conduct it. Due to the national importance of remote sensing and OMB's independence of agency programs, we continue to believe that it should play a lead role in developing a national strategy. Success will depend, to a large degree, on the presence and leadership of OMB. Action is needed now because planning for future NOAA, NASA, and DOD systems and the continuation of Landsat is underway.

INTRODUCTION

Our ability to look down and study the entire Earth from space has revolutionized the way we study the planet. Satellites can carry a variety of sensors and instruments to collect the data needed to understand and predict (1) the interactions of global forces and (2) the effects of human activities on the Earth's environment. In the past, investments in space have provided the United States with great benefits. Among these are increased national security, advances in scientific research, better natural resource management, and improvements in critical public services such as weather forecasting and severe storm monitoring. The President's National Space Policy includes goals to expand monitoring of the Earth for environmental and scientific purposes. Many other countries are also committing resources to monitor the Earth's surface and atmosphere from space.

REMOTE SENSING HAS MANY IMPORTANT APPLICATIONS

The data collected through remote sensing has important applications across the board – in the research, operational, defense, and commercial sectors. The National Aeronautics and Space Administration has the lead role in carrying out satellite missions devoted to scientific research and the development of new remote sensing techniques. Examples of near-term research missions include the Upper Atmosphere Research Satellite scheduled for launch in 1991 and the TOPEX/Poseidon satellite scheduled for 1992. The UARS will provide detailed data for studying atmospheric chemistry. TOPEX/Poseidon, a joint NASA/France mission, will study ocean topography and circulation. NASA also includes remote sensing instruments on the space shuttle.

Operational satellite systems must provide timely, consistent, and reliable data for continuing missions such as weather forecasting and search and rescue operations. The Commerce Department's National Oceanic and Atmospheric Administration is responsible for the nation's civil operational systems, which include polar-orbiting and geostationary weather satellites. The polar system consists of two satellites that collect global data for weather prediction models. Polar satellites on hand and being procured should carry the system through the 1990s. NOAA's Geostationary Operational Environmental Satellite system consists of two satellites positioned high above the equator to provide a continuous view of the same part of the Earth. This is important for tracking severe storms such as hurricanes, although at this time only one of the two satellites is functioning. The five GOES satellites being procured, designated GOES I-M, are planned to carry the system beyond 2000. Technical problems have put the development of the new GOES satellites about two years behind schedule, with the first of the series scheduled to be launched in 1992.

The Department of Defense operates environmental satellites to meet military needs. DOD operates the Defense Meteorological Satellite Program which, like NOAA's system, consists of two polar-orbiting satellites that collect global data for weather forecast models. DOD estimates that its current series of satellites will last through the 1990s and into the first part of the next decade. In addition to maintaining this system, DOD periodically operates other satellites such as the Navy's GEOSAT. Launched in

1985, GEOSAT provided data for ocean models that supported fleet-oriented research and operations until it failed in January 1990.

The only U.S. commercially operated remote sensing system at this time is the Landsat system. Landsat provides data useful for many applications, including mapping, exploration of minerals, and the monitoring of crop production and forest cover. Originally developed by NASA for research, Landsat eventually became operational and was turned over to NOAA. Under the Land Remote Sensing Commercialization Act of 1984, responsibility for the system is being transferred from the federal government to the private sector. Landsats 4 and 5 are operated by a private company with federal funds, but Landsat 6 is to be operated commercially by the same company. Landsat 6 is scheduled for launch in 1992 and has a planned five-year life.

EXPANSION OF SATELLITE SYSTEMS IS PLANNED

Because the need for remotely sensed data is growing, an unprecedented expansion of space-based systems is planned over the next two decades:

NASA

NASA's 15-year Earth Observing System is the most ambitious remote sensing mission ever planned. EOS will include six large platforms each carrying an extensive suite of instruments for global change research, several small Earth probes for measuring specific variables such as the ozone, three Synthetic Aperture Radar platforms providing additional research data, and sensors on the space station Freedom. The first EOS platform is planned for launch in fiscal year 1998. NASA is also planning three geostationary research platforms to provide constant monitoring of the Earth for global climate studies. These platforms are estimated to be four times the size of NOAA's GOES satellites, with operational lifetimes of 10 years. The current schedule calls for development to begin in the mid-1990s and for launch around 2000.

NOAA

As NASA develops EOS, NOAA will be fielding its new series of geostationary and polar satellites, as well as developing the generation to follow. The next-generation polar series, with first launch scheduled for around 2001, will require a larger spacecraft with a 25-percent growth margin. Its suite of sensors may be expanded to include some of the EOS prototype operational instruments. While NOAA and NASA are working out problems with the new geostationary satellites, they are also planning the follow-on series. Under the current launch planning, the first satellite of this follow-on series will be needed by 2002 – earlier if all of the new series of satellites do not achieve their five-year design lives.

DOD

The Defense Department is already in the preliminary phases of development for its next-generation polar meteorological satellite, which is planned to begin operation around 2003. The new satellite will carry upgraded sensors and possibly additional instruments to satisfy other requirements, such as the need for oceanographic data. In the nearer term, the Navy is considering a follow-on mission to its GEOSAT. DOD is also exploring the use of small remote sensing satellites to supply tactical information such as weather data to battlefield commanders.

Landsat

The President's National Space Policy endorses the continuation of a Landsat-type data capability beyond Landsat 6. The National Space Council examined a variety of options for the future system. To continue such a system through 2012, the Office of Inspector General estimates a cost of $1 billion for basic service and $2 billion for enhanced capabilities.

Although the next-generation systems described will not start operating until the late 1990s or early 2000s, planning activities are well underway and much of the development will take place in the mid-1990s. It often takes 10 or more years from initial concept studies to the launch of the first satellite in a new series. With long lead times needed for design, development, fabrication, testing, and launch scheduling, planning for space systems must be thoroughly reviewed early in the life-cycle so that changes can be made at the least cost.

PURPOSE AND SCOPE OF REVIEW

The initial purpose of this review was to evaluate NOAA's planning for its future polar weather satellite system and determine whether all reasonable alternatives were being considered. Based on the results of this evaluation, we expanded our efforts to review overall planning for U.S. remote sensing systems, including a number of programs in NOAA, NASA, DOD, and the commercial sector. Our review scope did not include classified or non-satellite (e.g., sensors mounted on aircraft) remote sensing systems.

We discussed planning for future systems with officials from NOAA, NASA, DOD, the Office of Management and Budget, the National Space Council, and the Commerce Department's Office of Space Commerce. We reviewed planning documents for NOAA's future systems and, to a lesser degree, documents for future NASA and DOD systems. In general, we did have access to internal DOD and NASA program plans and budgets. Our review of those agencies' remote sensing activities was largely limited to published reports and studies, and official briefing material. A list of reports and studies reviewed during our audit is included at the end of this report.

This audit was conducted in accordance with generally accepted auditing standards and was performed under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated May 22, 1980, as amended.

FINDINGS AND RECOMMENDATIONS

CROSSCUTTING STUDY IS NEEDED TO COORDINATE THE REVIEW AND PLANNING OF REMOTE SENSING PROGRAMS

Government and industry resources may be strained to meet all of the planned requirements for expanding remote sensing programs. If systems continue to be planned and reviewed solely on an agency-by-agency basis, resources may be spread too thin. This would increase the risk that (1) systems will not be successfully implemented, (2) opportunities to reduce costs through consolidation of systems will be missed, (3) requirements will not be funded in order of priority, and (4) systems will unnecessarily duplicate the capabilities of others. To ensure the most cost-effective use of resources and the correct ranking of priorities, programs should be reviewed on a governmentwide, long-term basis. This crosscutting review would be an important first step in developing a long-term strategy for U.S. remote sensing programs.

The President's National Space Policy, signed on November 2, 1989, directs that

> "close coordination, cooperation, and technology and information exchange will be maintained among sectors to avoid unnecessary duplication and promote attainment of United States space goals."

Although satellite systems are usually developed by an agency primarily to meet its own mission needs, the same data – perhaps with different processing – is often used by a variety of users. For example, data collected by NOAA and DOD weather satellites for operational forecasting also supports long-term climate research. Landsat data is useful for commercial, civil, military, and research applications. NASA's EOS platforms will carry instruments for global change research that also will serve as prototypes for future operational weather satellites.

The variety of uses for this data has created a need for coordinating the planning, development, and operation of the systems collecting it. Remote sensing research and development activities are coordinated through a national plan required by the Landsat Act. NOAA and NASA jointly develop and transmit to Congress a biennial report that includes an inventory of remote sensing research and development programs. The report describes the many existing and proposed satellite systems and emphasizes progress and accomplishments. However, the report does not include estimates of resources needed for each system or a projection of resources that will be available in government and industry to implement the systems. The report also does not indicate the relative priority of the requirements being met by each system.

Interagency groups such as the Office of the Federal Coordinator for Meteorology's Committee for Operational Environmental Satellites provide a forum for the exchange of information and the sharing of data from a variety of systems. In other cases, two agencies may coordinate specific systems through agreements, such as NOAA's and DOD's recently drafted terms of reference for increased cooperation in polar meteorological satellite programs. Additional coordination occurs in response to broad initiatives such as the U.S. Global Change Research Program, which is supported by several agencies.

The traditional process for the annual budget review makes it difficult to see relationships among systems. All agency programs are centrally reviewed by OMB. However, within OMB, programs and budget submissions for NASA, NOAA, and DOD are reviewed by different branches. An integrated review of agency requirements is made more difficult because initiatives for upgrading existing systems or developing new ones are not only submitted by different agencies, but also in different years.

Agency program plans and budget submissions are occasionally reviewed on a crosscutting basis. In 1979, OMB requested crosscut studies of weather radar upgrades and automated surface weather observation systems for the Departments of Commerce, Defense, and Transportation to identify potential duplication and opportunities for consolidation. More recently, the interagency Committee on Earth and Environmental Sciences prepared a crosscutting report on global climate change programs to accompany the President's fiscal year 1991 budget.

Limited Resources May Restrict Expansion of Programs

In the future, with the unprecedented expansion of space-based systems, comprehensive planning for remote sensing systems will be even more important than in the past. Each system planned for the next two decades will provide important data, but it is not certain that all initiatives will be funded or that sufficient management, technical, and industrial resources exist to successfully support them. If more projects are undertaken than resources can handle, (1) programs may be funded and then canceled or reduced in scope, (2) the limited pool of skilled labor may be overextended, (3) special facilities may become backlogged, and (4) suppliers of critical parts and services may become overcommitted.

Budget Constraints

Future budget constraints would make it difficult to sustain the large, multi-year investments that will be needed to field all of the remote sensing systems planned. We estimate the satellite systems that agencies plan to operate over the next two decades could cost between $26 billion and $36 billion (in 1990 dollars). Preliminary estimates indicate that the costs for the space segments (spacecraft, instruments, and launch) of remote sensing systems planned for service between 1992 and 2012 will fall between the ranges presented in the table on the following page. Funding for many of these projects has not yet been approved. Most are still early in the development process, and alternative capabilities, configurations, and implementation strategies are still under study. The table does not include the costs for operating ground stations and processing, archiving, and applying the data collected by these systems, which can substantially increase the total cost of the programs. For example, the total cost of the EOS program has been estimated at about $30 billion, with non-space hardware accounting for about 60 percent.

PROJECTED COSTS OF MAJOR U.S. REMOTE SENSING SYSTEMS PROPOSED FOR 1992 – 2012
($ billions)

NOAA Geostationary Weather Satellites (GOES)	$2-3
NOAA Polar Weather Satellites (POES)	$2-3
DOD Polar Weather Satellites (DMSP)	$4-5
Land Remote Sensing Satellites (LANDSAT)	$1-2
NASA Polar Research Platforms (EOS)	$11-13
NASA Synthetic Aperture Radar (EOS SAR)	$1-3
NASA Research Satellites and Earth Probes	$3-4
NASA Geostationary Research Platforms (GEO)	$2-3
TOTAL	$26-36

Shortages of Skilled Personnel

An adequate number of industry and government workers with appropriate skills may not be available to handle the increase in remote sensing programs planned for the future. It is hard to predict what personnel resources will be available over the long life of these programs, but current trends are not encouraging. The National Science Foundation reports that because of demographic trends, the United States faces a much reduced production of natural sciences and engineering degrees – a potential shortfall of several hundred thousand over the next two decades. A December 1989 survey of leading aerospace companies by the Aerospace Industries Association of America Inc. showed that 67 percent of the firms reported current shortages of scientists and engineers and 85 percent expect future shortages.

Personnel trends in NASA are also an area of concern. In 1989, NASA lost a number of senior management employees. The agency could lose more as a majority of its senior personnel become eligible for retirement within the next five years. Every year, NASA finds it more difficult to attract and retain high-quality staff. Staffing concerns for the EOS program were raised during NASA's internal Non-Advocacy Review process. This process was a series of reviews in 1989 by an independent panel of experts to provide NASA's senior managers with an objective evaluation of program planning. The panel questioned whether contractors and NASA centers could sufficiently staff and build all the instruments needed. Not only must NASA have an adequate number of people, the people must also have the right mix of skills and experience to successfully complete projects.

The shortage of skilled staff at NASA should be of particular concern to NOAA, because NOAA must compete for NASA's best people in staffing the weather satellite development projects. NOAA's operational systems are developed and procured by NASA. Past personnel shortages and recruiting problems at NASA contributed to problems in developing the new series of geostationary weather satellites. While NASA is trying to staff and manage EOS, it will at the same time be completing one series of NOAA polar and geostationary satellites and be well into developing the next generation of each system.

Limited Availability of Special Facilities and Parts

Beyond the problem of skilled labor shortages, there are concerns about the availability of the special parts and facilities needed to develop space systems. Some critical parts and services are available only from a single source. Will these firms be able to handle increased demand without schedules slipping or the quality of products suffering? Developing additional suppliers takes time because of the uniqueness of space systems and the need to qualify parts through rigorous testing. The number of facilities where space systems can be built and tested is also limited. Satellites must be fabricated in special "clean rooms" to avoid contamination. They must then be tested with unique equipment such as thermal/vacuum chambers that simulate the harsh environment of space. Will there be scheduling problems as more and more projects compete for the same facilities?

Remote sensing programs will need substantial increases in resources in the next few years. Although many of the systems being planned will not operate until the turn of the century, resources to develop these systems will be needed in the early to mid-1990s.

The overall availability of resources must be considered in advance of need. If resources are spread too thin, the risk increases that projects will suffer from schedule delays, cost overruns, and technical difficulties. Consolidating systems and programs could reduce overall costs and the demand for resources.

Consolidating Programs Should Be Studied as Part of a National Strategy

Earlier attempts to combine programs of different agencies with similar requirements have been largely unsuccessful. While it is generally true that each agency's needs can be best met by a dedicated system tailored to its requirements, future conditions may make consolidation more desirable, if not necessary.

A merger of NOAA and Air Force weather satellite systems has been the subject of debate and study for nearly two decades. During the 1970s and 1980s, studies found that the two agencies' requirements were similar enough that convergence was feasible and would substantially reduce costs. While agreeing that convergence was technically feasible, the Departments of Commerce and Defense questioned potential cost savings and noted that significant operational, management, and political issues would have to be resolved before a high degree of convergence could occur. The studies did not result in a converged system, but did increase cooperation between NOAA and DOD. The programs now share data, use a common spacecraft bus, and are launched by the same type of rocket. NOAA and DOD believe that this increased cooperation resulted in significant savings.

In 1987, OMB formed a joint task force with Commerce and Defense to restudy convergence. In particular, the task force wanted to determine if NOAA requirements should be included in concept studies for the next-generation Defense Meteorological Satellite Program. The task force concluded in a November 1987 report that not enough information was available to analyze the costs of convergence and that such information could be developed in the DMSP studies. The task force members could not agree on the degree of convergence that should be studied and little progress was made over the next few years. Under continuing pressure from OMB, Commerce recently provided funds to Defense to include NOAA requirements in DMSP studies being completed by potential contractors. Even if the studies do not result in a converged system, economies could result from joint development and procurement of separate systems.

NOAA and NASA also studied the consolidation of satellite systems. Because of the complementary nature of NOAA's polar weather satellites and NASA's EOS platforms, the agencies believed that collocating their instruments on the same NASA platform would benefit both NOAA's operational and NASA's research missions as well as reduce costs through shared resources. In several cases, the same instrument could supply data to both missions. After studying and planning for several years for joint use of the platforms, NOAA and NASA decided in late 1988 to abandon a consolidated mission. The primary reasons cited were that the risks and technological uncertainties associated with the large polar platforms, particularly the concept of servicing the platforms in orbit, were too high for an operational mission. Each agency is now planning to develop and launch its own space system.

In reviewing the options NOAA was considering for its future weather satellite system, we revisited the decision to abandon a joint platform approach. We found insufficient support for the 1988 decision to abandon a joint mission. Neither NASA nor NOAA could provide documentation demonstrating that they thoroughly evaluated potential risks and actions to minimize those risks. This fact, in addition to some events that occurred after the 1988 decision, led us to conclude that the concept should be reconsidered. For example, in early 1989 NASA changed from two 15-year serviceable platforms to two series of three five-year expendable platforms.

Our analysis indicated that a joint mission would require some concessions by NOAA and NASA, but could reduce costs by over $1 billion and provide other important benefits, such as smoothing the transition of prototype instruments to operational status. Cost reductions from a joint mission would come largely from eliminating the need for separate NOAA spacecraft and launches, and from shared use of instruments. In February 1990, we suggested that NOAA and NASA reconsider the benefits, costs, and risks of a joint mission. NOAA and NASA rejected the concept; both agencies stated that a joint mission was too risky for NOAA's operational needs and too detrimental to NASA's scientific research. We do not believe that NOAA and NASA adequately analyzed the pros and cons of a joint mission. Reports by the National Research Council stressed the need for continuity of data and recommended that EOS be approached in an operational-like manner. Strategies for meeting NOAA's operational requirements for data continuity could also improve the reliability of the research mission. Placing NOAA instruments on the platforms would displace some of the research instruments now planned, but it is not clear that all the proposed EOS instruments can be funded and built anyway.

We believe that consolidation of the NOAA, NASA, and DOD programs and systems should be considered, but within the context of a broader framework: a national strategy for all U.S. remote sensing activities.

Other Issues That Should Be Addressed Through a National Strategy

A comprehensive framework is necessary if decisionmakers in the administration and the Congress are to ensure that unnecessary duplication is avoided, that the large investments in space-based assets are made in a cost-effective manner, and that the nation's highest priorities are addressed first. The five questions raised in this section are examples of broad issues that should be addressed through governmentwide, long-range planning.

1. When and at what cost will advanced instruments for research missions be able to fully support operational applications?

Several of the instruments NASA plans to fly on its EOS polar platforms are "pre-operational" – they are designed for potential use on a future NOAA weather satellite. One that is of particular interest to the meteorological community is the Advanced Infrared Sounder. Operational users identified this sounder as critical for improving weather forecasts. For EOS-era satellites, NOAA plans to fly marginally upgraded versions of its current infrared sounding instrument. Other pre-operational instruments will collect data for ozone monitoring, oceanographic applications, and studies of the Earth's radiation budget. Another research instrument important to the meteorological community is NASA's Laser Atmospheric Wind Sounder, planned for flight on a Japanese research platform.

When NOAA and NASA were planning a joint polar platform mission, the same advanced instruments would have served both the research and operational missions. Now that these missions are on separate spacecraft, a difficult choice must be made. If the EOS polar platforms are the only spacecraft carrying the Advanced Infrared Sounder and other advanced sensors for 15 years, the operational weather mission will be forced to rely on a research mission for critical data. The EOS platforms are expected to provide superior data and become the primary source of input to the weather models. However, EOS is being designed as a research mission with no guarantee of data continuity or backup. NOAA's operational satellites carrying inferior sensors will, in effect, become the backup for the weather mission.

To ensure that the superior data of the Advanced Infrared Sounder and other sensors will remain available to the weather mission, NOAA could procure duplicate sets of these instruments for flight on its own satellites. NOAA staff estimated that production copies of the sounder alone could cost about $50 million each, or a total of $200 million for the four copies needed to duplicate data during the EOS mission. Four copies of the infrared sounder that NOAA now plans to use were estimated to cost $48 million.

2. Should oceanographic data be provided by research or operational systems, or by both?

Oceanographic information, such as sea surface temperature, wave height, wind speed and direction, and biological productivity, is valuable to both the research and operational communities. Instruments that provide this type of data are being planned for NASA's EOS research platforms. Both NOAA and the Navy would like to have ocean data available for operational missions. As with the Advanced Infrared Sounder in the preceding example, operational missions may be forced to rely on a research mission with no assurance of continuity and with sensors operating in less-than-desirable orbits. The Navy would like to have ocean sensors included in the future Defense meteorological system to meet its operational requirements. The cost of developing an instrument such as the EOS Ocean Wind Scatterometer is estimated at $84 million, and the Sea Surface Altimeter at $36 million. Even though production copies would cost considerably less, duplicating sensors for both research and operations would still be a significant expense.

Another option for collecting ocean data would be to fly the sensors on an operational satellite and supply data to the research community. Preliminary studies for DMSP indicate that ocean sensors could be incorporated into the system if a larger spacecraft were employed. A DOD official did not foresee a problem with supplying data to the research community. Much of DOD's environmental satellite data is already made available to researchers through an arrangement with NOAA. NOAA could fly the operational ocean sensors rather than DOD, but studies indicate that NOAA would need a second satellite to do this. Additional satellites would cost NOAA more than $1 billion to launch and operate during the EOS time period.

3. How does the timing of budget submissions affect the funding priority for requirements?

The Synthetic Aperture Radar will provide important data for a number of EOS scientific investigations, including the two top science priorities. Besides being critical for global climate research, the data would be valuable to NOAA and DOD for operational missions. It would also be useful to private companies within such industries as oil and gas, marine transportation, and commercial fishing. The SAR was originally planned for the second series of polar platforms. However, in the summer of 1989, NASA deleted it from the platforms because of difficulties in accommodating its large size, heavy power demands, and high data rates. Current plans call for the SAR to fly on a dedicated series of spacecraft with the initial launch scheduled for 1999.

Although SAR data may be more important to global change research and to operational and commercial users than other EOS instruments, NASA did not include funding for the SAR mission in its 1991 EOS budget initiative. NASA plans to seek funding for this radar in two or three years. The SAR could add $1 billion to $3 billion to the cost of EOS, depending on the level of international participation and contributions. What will be the impact on the EOS mission if additional funding for the SAR is not approved? Are instruments being funded ahead of the SAR that provide lower priority research data and do not serve the operational and commercial sectors?

4. What priority should be given to continuing a land remote sensing capability in relation to other remote sensing programs?

Landsat data is important for civil government, national security, and commercial applications. The importance of Landsat data for global climate research has recently been emphasized by a National Research Council panel reviewing the U.S. Global Change Research Program. Planning for NASA's EOS initiative assumed that the Landsat system would be continued. Despite the wide variety of users served by Landsat, commercializing the system has been difficult and its continuity has been in jeopardy. Several options are being explored for continuing the system after Landsat 6, which should operate through 1996. However, a strategy and source of funding for the future land remote sensing system have yet to be agreed upon. Given that the President's National Space Policy directs the government to maintain a Landsat-type data capability, the priority of land remote sensing should be considered when decisions are made about funding new programs such as EOS or major expansions to existing programs.

5. What is the appropriate allocation of resources between research and operational needs?

As part of Mission to Planet Earth, NASA is planning to develop three large geostationary research platforms to complement the polar-orbiting EOS platforms. Each platform is estimated to cost about $1 billion and will carry instruments far more advanced and complex than those being developed for NOAA's GOES satellites. At the same time, development of the follow-on series of operational GOES satellites will be underway. Unless changes are made to the current arrangement of having NASA manage the development and procurement of NOAA space systems, NASA will have to staff both the platform and the GOES satellite projects.

The serious problems experienced with developing the GOES I-M series threaten U.S. severe storm forecasting capabilities. A contributing factor was the shortage of NASA technical and support staff at the beginning of the project. The question arises as to whether the nation would be better served by committing its resources and best people to (1) improving weather forecast operations or (2) conducting experimental climate research.

Long-Range Strategy Would Also Benefit Private Sector

Comprehensive federal planning would also serve U.S. commercial and industrial interests. Environmental satellite data has many current and potential business applications. For example, Landsat imagery is widely used by the agriculture, forestry, and mining industries. Private sector investment in remote sensing systems and applications could also play an important role in augmenting federal programs. One private company is considering the launch of an instrument on a small satellite that would provide ocean color data related to biological productivity in the sea. In addition to helping the fishing industry locate the most productive areas in which to operate, this data provides scientists with important information on biogeochemical processes in the oceans and would fill a gap in measurements from NASA satellites and the future EOS system.

In addition to providing and using data, industrial research activities can complement scientific research. Much of the research and data collected for business applications overlaps with research for global climate change. In fact, many of the science priorities of the Global Change Research Program are areas of interest to commercial companies. For example, data used for assessing petroleum reserves could benefit global change research.

Technologies needed to implement space systems are also important to the commercial sector. According to a report by an industry association representing major U.S. aerospace companies, technology development is the key to international competitiveness. The billions of dollars expected to be invested in the major space programs being planned could help U.S. industry maintain technological leadership. What remains to be seen is how well federal programs promote development of key technologies.

A comprehensive, long-range strategy would provide industry with insight into how its needs fit with government priorities and planning. A plan that established long-term federal goals and policies would also give industry more confidence in the stability of programs, which could lead to greater private sector investment in research and development and commercial ventures. A national remote sensing strategy should consider commercial sector resources and interests and how federal programs contribute to improving the competitiveness of U.S. companies.

Conclusions

Government and industry resources could be strained to meet all planned remote sensing requirements for the next two decades. Remote sensing programs should be reviewed on a governmentwide, long-term basis to develop a strategy for ensuring that priority requirements are met in the most cost-effective manner. The appropriate time for such a study is now, because planning is underway for future NOAA, NASA, and DOD systems and for the continuation of Landsat data. Long lead-times and the high cost of late modifications make it imperative to plan ahead.

A crosscutting review of environmental satellite activities will not only establish the basis for developing a long-range strategy for remote sensing programs, it will also provide coherent input to broader planning for other space and environmental programs. Comprehensive planning will allow more focused consideration of the impact of space programs on U.S. industries. Space activities can be a technology driver for the economy, and industrial competitiveness issues should be considered well in advance, not as an afterthought.

Because it may become necessary to set priorities and make trade-offs across agency lines, the crosscutting review must be managed by an entity such as OMB that has broad oversight responsibility and is independent of agency programs. OMB's responsibilities include seeing that programs of executive branch agencies are coordinated and that moneys appropriated by Congress are expended in the most economical manner with the least possible overlapping and duplication of effort.

Recommendation

We recommend that the Director, Office of Management and Budget, oversee a governmentwide study of satellite remote sensing programs, cutting across agency and sector lines and considering needs for the next two decades. The study should assess the requirements, estimate the resources that will be needed, and project the resources that will be available. The crosscutting study should serve as the basis for developing a national strategy that would establish priorities and incorporate national policies.

Agency Comments

Our draft report recommended that OMB oversee a governmentwide study of satellite remote sensing programs, cutting across agency and sector lines and considering needs for the next two decades. OMB responded that the concept of such a study was worth exploring and agreed that the division of environmental remote sensing responsibilities and data use among multiple agencies makes coordinated and integrated planning a challenging task. OMB believes, however, that it is premature to designate it as the lead agency in a crosscutting review. OMB plans to discuss the issues raised in our report with other agencies.

We also sought comments from Commerce, DOD, and NASA. These agencies generally agreed that a governmentwide review would be beneficial. NASA further agreed that it would be appropriate for OMB to oversee the study, but suggested that the actual review and coordination be accomplished through the Committee on Earth and Environmental Sciences. NASA pointed out that the CEES was established to assist the President's science advisor in establishing a long-term strategy for meeting the research objectives of the U.S. Global Change Research Program. NASA thinks that the CEES is an effective, established mechanism for interagency coordination whose role could be expanded to include development of an overall environmental satellite program strategy.

The Department of Defense suggested informally that a national strategy be coordinated through the National Space Council. DOD believes that reviewing programs on a governmentwide and cross-sector basis will entail high-level policy decisions which should be made at the Space Council. While DOD is represented on the CEES, DOD is not convinced that operational military needs would be given adequate consideration by the committee, whose charter is oriented toward scientific research and development.

Responding for Commerce, NOAA stated that a review of the kind proposed in the report might be useful at this time. Officials from NOAA's National Environmental Satellite, Data, and Information Service stated that they were comfortable with having operational needs reviewed in a study coordinated by the research-oriented CEES because NOAA was represented on the committee.

In addition to obtaining comments from the primary remote sensing agencies, we received informal comments from individuals knowledgeable of remote sensing programs and issues. This included Dr. D. James Baker, who frequently appears before Congress as an expert witness on satellite remote sensing. The comments included suggestions that a national strategy include policy and planning decisions for remote sensing data as well as for space systems. It was also suggested that the Office of Technology Assessment, which has issued several reports on remote sensing, could provide an objective review of interagency and cross-sector programs and policies. Another proposed option was to change the provision of the Landsat Act that now requires Commerce and NASA to develop a national plan for remote sensing research and development. The act would be reworded to require Commerce, Defense, and NASA, in consultation with other agencies and the private sector, to develop a national plan for research, operational, and commercial remote sensing activities.

OIG Comments

Because of the options available and the complexity of the programmatic, policy, and budget issues that would have to be evaluated in developing a national strategy, we agree that OMB should discuss the issues with other agencies before deciding on specifics such as how to proceed and who should take the lead in a crosscutting review. We continue to believe, however, that OMB, with its broad oversight responsibility and independence of agency programs, is well suited to take a leadership role in the development of a national strategy. The success in developing a strategy will depend largely on OMB oversight. We believe that development of a strategy should be undertaken soon to provide a framework for debate and decisions on programs now being planned.

Governmentwide review and comprehensive, long-range planning are critical if the national interests are to be best served. To be successful, a national strategy must balance the needs of different – and sometimes competing – interests: research and operations, civil and military, and government and private sector. A national strategy should serve a wide range of decisionmakers, including those in individual agencies, the administration, the Congress, and private industry.

Both formal and informal comments have been incorporated into the final report. Formal responses to our draft report (OMB, NOAA, NASA, and Dr. D. James Baker, President of the Joint Oceanographic Institutions Inc.) are attached and included in appendixes to the report. In instances where no formal response was provided, we incorporated informal comments in this section.

REFERENCES

The following reports and studies were reviewed during our audit of federal remote sensing programs:

A Study of an Advanced Civil Earth Remote Sensing System. The Analytic Sciences Corporation, for the Department of Commerce. 1988.

Access To Space—The Future of U.S. Space Transportation Systems. Congress of the United States, Office of Technology Assessment. 1990.

Affordable Spacecraft—Design and Launch Alternatives (Background Paper). Congress of the United States, Office of Technology Assessment. 1990.

Aerospace Education 2000, An AIA Inventory of Education Concerns and Resources. Aerospace Industries Association. Aerospace Research Center Publication. 1989.

An Assessment of Potential Markets for Small Satellites. George Mason University, for the Virginia Center for Innovative Technology. 1989.

Announcement of Opportunity for the Earth Observing System (Parts I—VI). National Aeronautics and Space Administration. 1988.

Earth Observation and The Polar Platform. NOAA Technical Report: NESDIS 18. U.S. Department of Commerce, National Oceanic and Atmospheric Administration. 1985.

Earth Observing System, 1990 Reference Handbook. National Aeronautics and Space Administration. 1990.

Earth Observing System Alternate Launch Vehicle Mission Study. National Aeronautics and Space Administration, Goddard Space Flight Center. 1987.

Earth Observing System Reports. National Aeronautics and Space Administration.
- *Volume I (Parts 1 & 2) Science and Mission Requirements Working Group Report.* 1984.
- *Volume II From Pattern to Process: The Strategy of the Earth Observing System.* 1987.
- *Volume IIa Data and Information System Data Panel Report.* 1986.
- *Volume IIb MODIS Moderate-Resolution Imaging Spectrometer Instrument Panel Report.* 1986.
- *Volume IIc HIRIS & SISEX High-Resolution Imaging Spectrometry: Science Opportunities for the 1990s Instrument Panel Report.* 1987.
- *Volume IId LASA Lidar Atmospheric Sounder and Altimeter Instrument Panel Report.* 1987.
- *Volume IIe HMMR High-Resolution Multifrequency Microwave Radiometer Instrument Panel Report.* 1987.
- *Volume IIf SAR Synthetic Aperture Radar Instrument Panel Report.* (Undated).

- *Volume IIg LAWS Laser Atmospheric Wind Sounder Instrument Panel Report.* 1987.
- *Volume IIh Altimetric System Panel Report.* 1987.

Earth Sciences Research in the Civil Space Program. Office of Science and Technology Policy. 1985.

Earth System Science: A Closer View. National Aeronautics and Space Administration, Earth System Sciences Committee, NASA Advisory Council. 1988.

Economies Available by Converging Government Meteorological Satellites (GAO/NSIAD-87-107). U.S. General Accounting Office. 1987.

Envirosat—2000 Report: Plan for Space Station Polar-Orbiting Platform. U.S. Department of Commerce, National Oceanic and Atmospheric Administration. 1985.

EOS: A Mission to Planet Earth (Brochure). National Aeronautics and Space Administration. 1990.

EOS and Payload Servicing Technical Review. National Aeronautics and Space Administration, Jet Propulsion Laboratory. 1988.

EOS: Phase A Final Report. National Aeronautics and Space Administration, Jet Propulsion Laboratory. 1988.

EOS: Servicing Study Final Report. GE Astro Space, for the National Aeronautics and Space Administration. 1989.

Future Scarcities of Scientists and Engineers: Problems and Solutions (Working Draft). National Science Foundation. 1990.

Global Change Technology Initiative, Microspacecraft and Science. General Research Corporation, for the National Aeronautics and Space Administration. 1988.

Initial Scientific Assessment of the EOS Data and Information System (EOS-89-1). National Aeronautics and Space Administration, Science Advisory Panel for EOS Data and Information. 1989.

Issues in Strategic Planning for Space: Commercial Space Growth. American Institute of Aeronautics and Astronautics. 1989.

Joint Utilization of the Space Station Polar Platform by the National Oceanic and Atmospheric Administration and the Earth Observing System Program of the National Aeronautics and Space Administration. Report of the NOAA/NASA-EOS Joint Platform Utilization Study Panel. 1986.

LANDSAT Implementation Options Study. U.S. Department of Commerce and Department of Defense, for the National Space Council. 1989.

Linking Remote-Sensing Technology and Global Needs: A Strategic Vision. National Aeronautics and Space Administration, Applications Working Group. 1987.

Metsat Space Segment Cost Comparison Final Report. Fairchild Space Company, for the National Oceanic and Atmospheric Administration. 1987.

Military Requirements for Defense Environmental Satellites. U.S. Department of Defense, U.S. Air Force. 1986.

Mission to Planet Earth Report for the White House. National Aeronautics and Space Administration. 1989.

NOAA Requirements for Support from Polar-Orbiting Satellites (DRAFT). U.S. Department of Commerce, National Oceanic and Atmospheric Administration. 1990.

Oceanography from Space—A Research Strategy for the Decade 1985—1995. Joint Oceanographic Institutions Incorporated.
- *Part 1: Executive Summary.* 1984.
- *Part 2: Proposed Measurements and Missions.* 1985.

Operational Requirements and Candidate Instrumentation for the Future Polar Orbiting Meteorological Satellite System. Draft Consolidated Report of the Technical Working Group. International Polar Orbiting Meteorological Satellites Group. 1989.

Our Changing Planet: The FY 1991 Global Change Research Program. Office of Science and Technology Policy, Committee on Earth Sciences. 1990.

Planning for Future Operational Sensors and Other Priorities. NOAA Technical Report: NESDIS 30. U.S. Department of Commerce, National Oceanic and Atmospheric Administration. 1987.

Reducing Launch Operations Costs—New Technologies and Practices (A Technical Memorandum). Congress of the United States, Office of Technology Assessment. 1988.

Remote Sensing and the Private Sector—Issues for Discussion. Congress of the United States, Office of Technology Assessment. 1988.

Report of the Commercial Space Advisory Committee to the Secretary of Commerce. Commercial Space Advisory Committee. 1989.

Review of Policy Issues Concerning Increased Convergence of Defense and Commerce Polar-Orbiting Meteorological Satellite Programs. A Joint Study by the Department of Commerce, Department of Defense, and Office of Management and Budget. 1987.

Search and Rescue Satellite (SARSAT) Gap-Filler Program, Technical Plan. Johns Hopkins University, for the National Aeronautics and Space Administration. 1985.

Space Science in the Twenty-First Century: Imperatives for the Decades 1995 to 2015—Mission to Planet Earth. National Research Council; Commission on Physical Sciences, Mathematics, and Resources; Space Science Board; and Task Group on Earth Sciences. 1988.

Study for Advanced Civil Earth Remote Sensing System, Focused Finance Study. The Egan Group, for the U.S. Department of Commerce. 1988.

Study for an Advanced Civil Earth Remote Sensing System. KRS Remote Sensing Company, for the U.S. Department of Commerce. 1988.

Study of Spacecraft and Launch Options for NOAA's Polar Satellite Mission. OAO Corporation, for the National Oceanic and Atmospheric Administration. 1990.

The Crisis in Space and Earth Science. NASA Advisory Council, A Report by the Space and Earth Science Advisory Committee. 1986.

The Early Earth Observing System Reference Handbook, Earth Science and Applications Division Missions (1990 - 1997). National Aeronautics and Space Administration. (Undated).

The Space Station Polar Platform: NOAA Systems Considerations and Requirements. NOAA Technical Report: NESDIS 22. U.S. Department of Commerce, National Oceanic and Atmospheric Administration. 1985.

The U.S. Global Change Research Program. An Assessment of the FY 1991 Plans. National Research Council. 1990.

The U.S. Oceanic Satellite Remote-Sensing Program (DRAFT Working Paper Toward a National Policy). U.S. Department of Defense, U.S. Navy, Ocean Policy Working Group. 1988.

Toward a New Era in Space, Realigning Policies to New Realities. National Academy of Sciences and Engineering, Committee on Space Policy. 1988.

Toward an Understanding of Global Change. Initial Priorities for U.S. Contributions to the International Geosphere-Biosphere Program. National Research Council, Committee on Global Change. 1988.

User Views on the Consequences of Eliminating a Civilian Polar Orbiter (GAO/RCED-86-11). U.S. General Accounting Office. 1986.

Utilization of the Polar Platform of NASA's Space Station Program for Operational Earth Observations. NOAA Technical Report: NESDIS 12. U.S. Department of Commerce, National Oceanic and Atmospheric Administration. 1984.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 3, 1990

Mr. Frank DeGeorge
Inspector General
Department of Commerce
Washington, D.C. 20230

Dear Mr. DeGeorge:

Thank you for the draft copy of your report on space-based remote sensing. The division of environmental remote sensing responsibilities and data use among multiple agencies does make coordinated and integrated planning of environmental remote sensing projects a challenging task. While it may be premature to designate the Office of Management and Budget (OMB) as the appropriate agency to take the lead in a crosscutting review of environmental satellite planning, the concept of such a study is worth exploring.

We plan to review your report in coordination with other agencies. We will keep your staff informed of our progress. Cora Beebe, Commerce and Justice Branch Chief, will be the contact point for this issue within OMB.

Sincerely,

Janet Hale
Associate Director for
Economics and Government

cc:
Tom Collamore

APPENDIX II

NASA

National Aeronautics and
Space Administration

Washington D C
20546

SED

Honorable Francis D. DeGeorge
Inspector General
Department of Commerce
Washington, DC 20230

Dear Mr. DeGeorge:

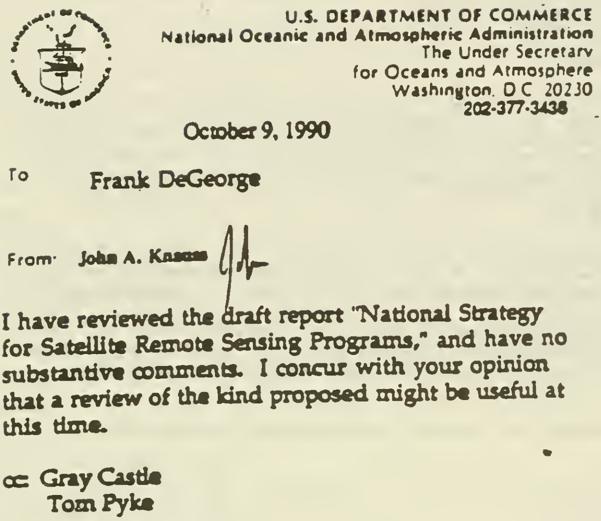
On behalf of the NASA Administrator, Admiral Truly, thank you very much for the opportunity to review a copy of the draft report entitled "National Strategy for Satellite Remote Sensing Is Needed."

We agree that the nation would benefit from a long-range strategy that would provide a framework for debate and decisions on environmental satellite programs to serve the civil, defense, and commercial sectors. We further agree that the Office of Management and Budget (OMB) would be an appropriate organization to oversee the development of such a strategy. As you may be aware, we have been working for some time now through the Committee on Earth and Environmental Sciences (CEES) to assist the President's science advisor, D. Allan Bromley, in developing a long-term strategy for meeting the research objectives of the U.S. Global Change Research Program. The CEES consists of 13 Federal agencies, including the Department of Commerce, the Department of Defense, and NASA, with programmatic responsibilities related to global change. Its charter is "to increase the overall effectiveness and productivity of Federal R&D (research and development) efforts directed toward an understanding of the Earth as a global system...[and address]... significant national policy matters which cut across agency boundaries." To date, the CEES mechanism has resulted in unprecedented interagency cooperation in terms of overall program definition and planning. I would suggest that it might be appropriate to expand the role of the CEES to include the interagency development of an overall environmental satellite program long-range strategy. Given the current status of the CEES activities, this would be an appropriate next step for the CEES to take and would help ensure that the implementation approach for meeting both research and operational requirements is well coordinated among the responsible agencies. I would be happy to discuss this further with you if you so desire.

Sincerely,

L. A. Fisk
Associate Administrator for
Space Science and Applications

cc:
OSTP/Dr. Bromley



U.S. DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
The Under Secretary
for Oceans and Atmosphere
Washington, D.C. 20230
202-377-3436

October 9, 1990

To Frank DeGeorge

From: John A. Knauss

I have reviewed the draft report "National Strategy for Satellite Remote Sensing Programs," and have no substantive comments. I concur with your opinion that a review of the kind proposed might be useful at this time.

cc: Gray Castle
Tom Pyke

JOI Joint Oceanographic Institutions
INCORPORATED

Suite 800
1755 Massachusetts Ave., NW
Washington, DC 20036-2102 USA

Telephone (202) 232-[illegible]
Telemail JOI.INC [illegible]
Telex 7401433 BAK [illegible]
FAX (202) 232-[illegible]

November 13, 1990

Richard Eiserman
U.S. Department of Commerce
Office of Inspector General
Room 7099A, Herbert C. Hoover Building
14th and Constitution Ave. N.W.
Washington, DC 20230

Dear Mr. Eiserman:

Thank you for sending me the draft report by the Commerce Inspector General on U.S. remote sensing activities. I am sorry to be late with these comments, but I have been out of the country at a series of meetings. I fully agree with the need for a national remote sensing strategy to meet both operational and research needs and to ensure that our national investment is cost-effective.

At the same time, we must ensure that the capabilities of each agency involved are fully utilized, and we need to watch that operational and research activities are not compromised by forcing interactions that are not otherwise justified. I fully support the development of an inclusive framework with all the agencies that are involved in this activity, at a minimum NASA, NOAA, DOD and its component services, and the National Space Council.

I look forward to further discussion of this issue.

Yours sincerely,

James Baker

D. James Baker
President

cc: T. Pyke
P. Worden

• University of California, Scripps Institution of Oceanography • Columbia University, Lamont-Doherty Geological Observatory •
University of Hawaii, School of Ocean and Earth Science and Technology • University of Miami, Rosenstiel School of Marine and Atmospheric Science •
• Oregon State University, College of Oceanography • University of Rhode Island, Graduate School of Oceanography •
• Texas A&M University, College of Geosciences • University of Texas, Institute for Geophysics •
• University of Washington, College of Ocean and Fishery Sciences • Woods Hole Oceanographic Institution •

DECENNIAL CENSUS

Mr. ROGERS. Now, we are going to be hearing testimony from the Census Bureau this afternoon on their budget request. As you know, this subcommittee has been concerned about the spiraling costs of conducting the decennial census. You were very instrumental in making us aware of undisbursed funds available for reobligation. We understand that GAO is now reviewing that problem and other management concerns at Census. Are you continuing a review of the Census Bureau, and could you share with us any concerns you may have?

Mr. DEGEORGE. As I indicated, both NOAA and Census last year could have taken reductions in their unliquidated obligations, and they have now reduced their obligations. I don't think it would be a reasoned decision for this committee to take additional reductions this year. Perhaps in two or three months when GAO finishes their work, they will have a different viewpoint. However, I doubt it. We have no reason to believe there are sizable unliquidated obligations in Census or NOAA at this point.

Other problems. There are a lot of other problems at Census. Not the least of which is you have a 1995 decennial mid-point test coming up, and I have some disagreement as to whether the Census should be the basis for one of the Department's pilot accounting systems installations at the same time. I would prefer another agency be used as the test bed other than the Census.

There have been problems with the acquisition for what is called the FOSDIC system, which is a system that takes the census forms and converts them to machine readable form. The question of statistical sampling, that is really being strongly considered this time, as a fundamentally different approach is I think, a wise move. This approach may mean that Census may not have to hire 400,000 or 500,000 part-time employees in order to get the last five or 10 percent of the count.

There seems to be consensus that statistical projections after what is called "last resort," which is after Census has tried three times to find individuals at their home, would be as effective a technique. I think that a lot of decisions dealing with the 2000 census are moving in the right direction. But getting from here to there is always a tough go.

Mr. ROGERS. This Subcommittee was extremely critical of the last decennial census, this Member especially, because——

Mr. DEGEORGE. And Mr. Smith.

Mr. ROGERS. Absolutely, Mr. Smith has been because I heard too many people back home say they never contacted them. It was ineptitude personified. There are thousands of people in my district that I feel sure were never counted for one reason or the other. It was poorly managed; we hired unemployable people to do it; we didn't use the resources of the existing government resources such as the Postal Service to the maximum level, and so on and so forth. Do you think they are now addressing a lot of those doubts that some of us have had?

Mr. DEGEORGE. They are addressing some of them, Mr. Rogers. I know that they are addressing the statistical projections. I don't know of anyone who thinks it is a good move to hire 500,000 unemployed people.

The 2000 system design will be difficult. It is always a question as to whether everything will work when you test the documentation, et cetera. I think that the biggest problem is that Census needs political leadership. There is no Census director, even as we speak now, there is no under secretary who has been confirmed. Census also has no strong chief financial officer. I have real problems about missing leadership. The Census needs its political leadership to take it to the 2000 census. I think that is where it starts.

It really needs this committee and everyone else probing and pushing the Department to getting people on board in this area. You just cannot do it with just careerists. You need senior leadership.

CENSUS LEADERSHIP

Mr. ROGERS. I think that is what happened last time. I think we had a weak leadership at the Census and exercised very little leadership over the career bureaucracy. There was no great impetus behind getting this thing done.

Have they nominated a director yet?

Mr. DEGEORGE. Not to my knowledge, no, sir.

Mr. ROGERS. Well, obviously this is an extremely critical year leading up to the 1995 count, so every day matters, does it not?

Mr. DEGEORGE. Yes. I think that this committee's attention, and other committees' attention, to both the leadership and the decisions that are necessary as to the way the processes are developed and the way the systems are developed are crucial.

Mr. ROGERS. Is it too late to remedy the problems getting ready for 1995?

ACCOUNTING SYSTEM PILOT PROGRAM AT CENSUS

Mr. DEGEORGE. I don't think so. I really do not think we ought to complicate a difficult situation by having the Census be a base for the accounting systems' pilot implementation during the pretest.

Tom Bloom and I have talked about that. I don't believe he necessarily agrees with me, but it is my perspective that we ought not to do the accounting system changes at the Census at the same time.

Mr. ROGERS. Because it would overload the——

Mr. DEGEORGE. It overloads the management responsibilities. There is a very poor system; I think you can make some improvements to the accounting system, but I don't think using it as a test bed is the answer.

Mr. ROGERS. Has he given you any encouragement?

Mr. DEGEORGE. He has not—I see no reason to believe he has changed his mind.

Mr. ROGERS. Well, we didn't know to ask him when we was here a few minutes ago or we would ask him that question.

Mr. DEGEORGE. I still have hopes of convincing him.

Mr. ROGERS. He is still here?

Mr. DEGEORGE. Well, we are going to have lunch this afternoon.

Mr. ROGERS. Well, maybe he will hear of your concerns about this.

Mr. DEGEORGE. He has heard of them, sir, and he realizes that I have a viewpoint. It is his responsibility, and it should be his responsibility. And he does go out of his way to hear what I have to say.

Mr. ROGERS. It seems to me you have a valid point, especially since there is no assistant secretary in place to put such a system in place.

Mr. DEGEORGE. Well, I think that Mr. Bloom would agree that we need strong financial leadership as soon as possible.

Mr. ROGERS. Well, I think everyone should know of the intense interest of this Subcommittee and the concerns about the Census Bureau and the ineffectiveness with which it has been operated previously.

Mr. DEGEORGE. I——

Mr. ROGERS. That ineptitude seems to be not getting any better. It seems like it is——

Mr. DEGEORGE. I don't know if I would put it that way, Mr. Rogers. What I would say is that the management problems need some more strong leadership at the top of the Census, and because there are——

Mr. ROGERS. Well, that is the definition of ineptitude.

Mr. DEGEORGE. There are a lot of problems there, yes, sir.

Mr. ROGERS. We are putting great sums of money in there that may or may not materialize unless there is some really quick shaping up at the Bureau. And we plan to pass that message along as hard as we can to those people this afternoon and otherwise. But unless they shape the thing up, they are going to go broke real quick. They are on a short fuse anyway in this Subcommittee because of their past activities, and unless they can really prove that they have their act together, they are not going to get any more money, at least as far as this Member is concerned.

Anything else you care to add?

Mr. DEGEORGE. No, sir. There are a lot of issues that I talked to periodically, to Sally and others on the staff up here, and I think they know my feelings about a number of issues.

Mr. ROGERS. We want you to have lunch with your lunch partner which probably will do more good there than here. Thank you very much.

Mr. DEGEORGE. Thank you, Mr. Rogers.

Mr. MOLLOHAN [presiding]. Thank you very much. We will have some questions submitted for the record that we hope you will submit answers to.

Mr. DEGEORGE. Yes, sir. I will do that.

Mr. MOLLOHAN. The hearing is adjourned.

[The following questions were submitted to be answered for the record:]

Question Submitted by Congressman Mollohan

National Weather Service

QUESTION:

Can you tell us if NOAA's FY 1995 budget request for NEXRAD spare parts reflects implementation of your recommendations?

ANSWER:

Yes it does. We recommended that NOAA break out spare parts and use actual failure rates in determining spare parts requirements. As a result of these recommendations, NOAA has reduced its budget request for FY 1995 spare parts by $4.7 million. Significant additional savings are expected after spare parts pricing issues are resolved with the prime contractor.

QUESTION:

In previous years, you have expressed concerns about NOAA's Systems Program Office (SPO), particularly its heavy reliance on contractors. Do you continue to have concerns about the operation of the SPO? Do you feel that this office is receiving adequate support from NOAA leadership?

ANSWER:

We do not believe that the SPO is receiving adequate support from NOAA leadership. We are very concerned that NOAA appears to be returning to the failed systems acquisition management organization of the past. NOAA senior management has undertaken a "realignment" of responsibilities in which the SPO's authority and responsibility for acquiring systems, as well as control over its budget, are in effect reverting back to the National Weather Service. A draft Department Organization Order revising NOAA's organization and management promotes an acquisition management structure having no clear lines of authority or responsibility. This undermines NOAA's ability to deliver systems that meet cost, schedule, and technical specifications.

The SPO was designed to report to the Deputy Under Secretary level and be independent of operational and budget transfer vulnerabilities. It was separated from NWS management to ensure that acquisitions would meet their cost, schedule, and technical goals. However, as a result of the "realignment," NWS officials believe they have the authority to direct the SPO, not only in budgetary decisions, but in technical and schedule decisions as well. The SPO, as it stands now, must gain NWS approval for its budget requests and must submit its requests through NWS. SPO acquisition managers receive program direction from NWS regarding management of their acquisitions, and appear to require approval for their decisions from NWS, regardless of whether the decisions are within its area of expertise. In essence, NWS has inserted itself in the decision-making chain between the SPO and the Deputy Under Secretary, thereby diluting the objectives of the SPO.

Moreover, with the departure of the director and deputy director, the SPO has no permanent senior management authority in place, and it will probably be months until a director is selected. We are concerned that given the changing roles and responsibilities of the SPO vis-a-vis the line offices, it will be difficult to recruit the management expertise needed since experienced acquisition managers will recognize that the organizational structure is not tenable.

The SPO needs to regain its intended authority, responsibility, and control of resources. At the same time, NOAA should fill the position of SPO director with an experienced and capable systems acquisition manager.

Steel Dumping Investigations

QUESTION:

Another area of concern mentioned in your testimony is your review of the Import Administration's steel dumping investigations and the overall management of its workload. Did your review of this area identify any budgetary improprieties? If so, please elaborate.

ANSWER:

No budgetary improprieties came to our attention during our review of the steel investigations and the overall management of the Import Administration's workload. The principal focus of our audit was to determine the adequacy of selected steel dumping investigations, as well as to examine the impact of the cases on IA's ability to handle its other duties, such as administrative reviews of existing orders. Although the audit identified weaknesses in several major program areas, including verification procedures, internal controls, staffing, and data processing services, there was nothing to suggest that IA had improperly discharged its budgetary responsibilities.

QUESTION:

What changes are being implemented by the Import Administration to address the concerns raised by your office?

ANSWER:

To address the deficiencies found, we made a number of significant recommendations that have been largely embraced by IA. For example, IA plans to implement many of our recommendations for improving its procedures for verifying foreign firms' questionnaire responses, which we consider the most important element of a dumping investigation. Specifically, testing procedures will be strengthened to deter respondents from providing false information on questionnaires. IA also said it will focus its recruitment program on hiring analysts with specialized financial knowledge.

Export Licensing

QUESTION:

A third area highlighted in your statement is the joint review with the Inspectors General at Defense, State, and Energy on export licensing procedures. You stated that an ongoing disagreement between the agencies has prevented the export licensing process from working effectively. What specific recommendations were made to improve the current process?

ANSWER:

Our interagency review revealed that there is not complete accord between Commerce and most of the other federal agencies regarding which license applications should be referred for comments. Until this issue is resolved, the agencies will not have adequate assurance that the license review process for dual-use commodities is working as efficiently and effectively as it should. While there are a number of factors contributing to this situation, we believe the problem primarily results from the unclear and possibly conflicting guidance provided by legislative mandates.

The Export Administration Act states it is the intent of Congress that, to the maximum extent possible, a determination will be made on export license applications by the Secretary of Commerce without referral to any other federal agency. On the other hand, the act also gives the Secretary of Defense the right to review license applications for commodities that are controlled for national security purposes and the Secretary of State the right to review applications for commodities that are controlled for foreign policy reasons. This ambiguity in the act has lent itself to various agency interpretations and fostered the conflict regarding the referral issue.

Accordingly, we recommended that the Congress, in reauthorizing the Export Administration Act, clarify the roles of the various agencies involved in the dual-use export licensing process.

Our interagency review also found that there is no ongoing process in place to resolve disagreements as to which license applications should be referred for comments. Therefore, we recommended that the Secretary of Commerce, in cooperation with the National Security Council and the Secretaries of Defense, Energy, and State, direct the appropriate officials to develop a mechanism for (1) resolving referral criteria disputes at progressively higher levels and (2) periodically reviewing the referral criteria.

QUESTION:

Will changes in BXA's authorizing legislation be necessary in order to implement the recommendations of the ongoing IG review?

ANSWER:

As discussed in the previous question, the interagency review, which has been completed, recommended that the Congress, in reauthorizing the Export Administration Act, clarify the roles of the various agencies involved in the dual-use export licensing process. We believe this action is necessary to resolve the continuing disagreement among the agencies as to which license applications to refer for comments.

Aircraft Procurement

QUESTION:

Last year, the Congress added funds to the NOAA appropriation for procurement of a new aircraft to be used for hurricane surveillance. The Subcommittee is supportive of a competitive procurement for this aircraft. Is the Office of the Inspector General reviewing the procurement process of this aircraft? What role can your office play in assuring that this procurement is conducted on a competitive basis?

ANSWER:

We plan to thoroughly review the acquisition strategy and the process used to procure this aircraft. We will report the results of our review to the subcommittee upon completion of our work.

Additionally, we are looking at NOAA's overall aircraft modernization program. As part of this effort, we are examining NOAA's program mission requirements upon which the modernization plan is based. We are also examining the modernization plan from the perspective of what is the most cost-effective manner to satisfy the program requirements.

Reimbursable Funds for CFO Audits

QUESTION:

You are receiving $2 million from other Commerce agencies in FY 1994 for conducting audits required by the Chief Financial Officer (CFO) Act. Which agencies are providing the funding in FY 1994? Will you complete the financial audit this fiscal year?

ANSWER:

Commerce bureaus are providing the following FY 1994 funding for conducting the audit work required by the CFO Act:

Bureau	FY 94
General Administration	$ 110,160
Economic Development Administration	122,952
National Oceanic and Atmospheric Administration	459,900
Bureau of the Census	155,300
Economics and Statistics Administration	93,760
Bureau of Economic Analysis	122,952
Patent and Trademark Office	377,400
International Trade Administration	63,000
National Telecommunications and Information Administration	292,768
United States Travel and Tourism Administration	74,220
National Institute of Standards and Technology	149,480
National Technical Information Service	21,880
	$2,043,772

We expect that this funding will enable us to complete during FY 1994 the CFO Act audit work related to our bureaus' FY 1993 financial statements.

QUESTION:

The budget request for FY 1995 again assumes reimbursable funding for CFO audits will be provided to the Office of the Inspector General. What agencies are providing these funds, and will the funding support continuations of audits begun in FY 1994?

ANSWER:

Commerce bureaus are proposing to provide the following FY 1995 funding for conducting the audit work required by the CFO Act:

Bureau	FY 95
General Administration	$ 128,520
Economic Development Administration	139,978
National Oceanic and Atmospheric Administration	963,585
Bureau of the Census	593,418
Economics and Statistics Administration	100,015
Bureau of Economic Analysis	125,830
Patent and Trademark Office	460,530
International Trade Administration	231,525
National Telecommunications and Information Administration	282,324
United States Travel and Tourism Administration	76,037
National Institute of Standards and Technology	449,820
National Technical Information Service	22,667
	$3,574,249

FY 1995 funding will support continuation of the audits begun in FY 1994.

QUESTION:

You are asking that the Subcommittee consider including the $3.6 million in reimbursable funding for CFO Act audits in the Inspector General's base appropriation. Have you discussed the possibility of a base transfer with Tom Bloom, the Department's Chief Financial Officer? Was that part of your budget request to the Department for FY 1995?

ANSWER:

We have and are continuing to discuss with the Department's CFO our preference that funding for the CFO Act audits be included in our base appropriation. As you note, the FY 1995 Commerce budget request anticipates providing reimbursable funds of about $3.6 million for such audits. The CFO and his staff have been instrumental and very helpful in working out this arrangement. The reimbursable funds provided in FY 1994 and those anticipated in FY 1995 will greatly increase the OIG's ability to meet the CFO Act audit requirements. However, we still believe that total dependence on reimbursable funding to accomplish these audits is not the most efficient and effective approach.

We did not include the $3.6 million as part of our budget request to the Department for FY 1995 because the funding was to be included in the budgets of the affected bureaus at the Department's direction.

QUESTION:

You state in your testimony that the Department of Commerce is "significantly lagging behind other agencies in meeting the CFO Act requirements". What additional information do you have to back up this statement? How does the Commerce Department compare to the State and Justice Departments? How do you measure compliance with the CFO Act?

ANSWER:

As reported in OMB's Federal Financial Management Status Report and 5-Year Plan dated August 1993, audited financial statements were submitted for only 1 percent of Commerce's gross budget authority for FY 1992. The average for the 23 agencies covered by the CFO Act was 60 percent and 7 agencies reported 100 percent. There are two reasons for lagging behind other agencies. First, no funding was received to perform the required audits. Second, based on major departmentwide deficiencies in internal controls, we concluded that meaningful audits could not be performed unless major corrective actions were undertaken by the bureaus. Accordingly, we developed an incremental approach for implementing the audit requirements of the CFO Act.

Under this approach, the OIG performed internal control surveys of the bureaus' financial and accounting operations to identify major problems that must be corrected to produce financial information that could be meaningfully audited. These internal control surveys generally focused on the FY 1992 financial statements, which in most cases were the first statements prepared by the bureaus under the CFO Act. These surveys are being followed by audits of the FY 1993 statements of financial position and full-scope audits of the FY 1994 statements, except for several larger bureaus, where the implementation schedule has been extended by one year.

The incremental audit approach is working well. It emphasizes early identification and correction of major internal control problems, promotes successful audits by establishing aggressive but realistic audit objectives, and provides for cost-effective use of limited audit resources. It has also fostered a cooperative, problem-solving relationship among the Inspector General, the Chief Financial Officer, and bureau financial management.

We are not in a position to make a detailed comparison of ourselves with the State and Justice Departments, since we are not familiar with their approach for compliance with the CFO Act nor the level of funding that they received for that purpose. However, based on the OMB report referred to earlier, the percentages of FY 1992 gross budget authority covered by audited financial statements are 63% for State and 11 percent for Justice.

We measure compliance with the CFO Act by successful implementation of our incremental audit plan. Full implementation will be achieved in FY 1996 with full scope audits of the FY 1995 financial statements of all Commerce bureaus covered by the CFO Act.

Request to OMB

QUESTION:

What was the budget request to OMB for this account, what items did OMB eliminate from that request, and what will be the impact of those reductions on your activities for FY 1995?

ANSWER:

Our budget request to OMB was $16,904,000 and was unchanged as part of President's budget request to the Congress.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

WEDNESDAY, APRIL 13, 1994.

ECONOMICS AND STATISTICS ADMINISTRATION

WITNESSES

PAUL A. LONDON, ACTING UNDER SECRETARY, ECONOMIC AFFAIRS
CAROL S. CARSON, DIRECTOR, BUREAU OF ECONOMIC ANALYSIS
JOHN S. LANDEFELD, DEPUTY DIRECTOR, BUREAU OF ECONOMIC ANALYSIS
FREDERICK T. KNICKERBOCKER, EXECUTIVE DIRECTOR, ECONOMICS AND STATISTICS ADMINISTRATION
B. JEROME JACKSON, DIRECTOR, OFFICE OF ADMINISTRATION
CLIFTON T. BECK, BUDGET OFFICER, ECONOMIC AND STATISTICAL ANALYSIS BUDGET
BRENDA GALLAGHER, BUDGET ANALYST, ECONOMIC AND STATISTICAL ANALYSIS BUDGET
MARK E. BROWN, DIRECTOR, OFFICE OF BUDGET

Mr. MOLLOHAN [presiding]. The Committee will come to order.

Continuing our review of the Department of Commerce fiscal year 1995 budget request, this afternoon we have before us the Economics and Statistics Administration. We will begin with the Economic and Statistical Analysis account, which funds the Office of the Under Secretary for Economics and Statistics and the Bureau of Economic Analysis.

The request for fiscal year 1995 is $56,122,000, an increase of $10,902,000 over the amounts appropriated for fiscal year 1994. This amount includes $1,677,000 to capitalize a new revolving fund for ESA data products. We will insert the justification materials submitted in support of this request into the record at this point.

[The justifications follow:]

DEPARTMENT OF COMMERCE
ECONOMICS AND STATISTICS ADMINISTRATION
Economic and Statistical Analysis Budget

Budget Estimates, Fiscal Year 1995
President's Budget

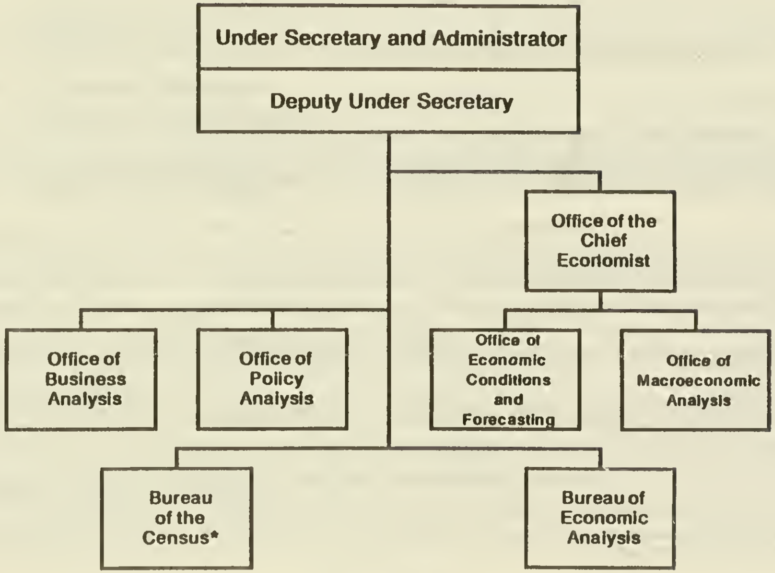
Table of Contents

Exhibit Number	Exhibit	Page Number
2	Organization chart	ESA– 1
3	Executive Summary	ESA– 3
5	Summary of resource requirements: direct obligations	ESA– 7
7	Summary of financing	ESA– 9
8	Adjustments to base	ESA– 11
9	Justification of adjustments to base	ESA– 12
13	Economic Information Infrastructure Initiative (EI^3)	ESA– 17
14	Economic Information Infrastructure Initiative (EI^3) personnel detail.	ESA– 23
15	Economic Information Infrastructure Initiative (EI^3) detail by object class.	ESA– 27
13	Administrative Savings.	ESA– 29
13	FTE Savings.	ESA– 31
12	Justification of program and performance	
	Economic Analysis	ESA– 35
	BEA Relocation	ESA– 63
	Policy support	ESA– 65
	Reimbursable program	ESA– 69
16	Summary of requirements by object class.	ESA– 73
17	Detailed requirements by object class	ESA– 75
33	Appropriation Language and Code Citation.	ESA– 79
34	Consulting and Related Services.	ESA– 81
35	Periodicals, Pamphlets, and Audiovisual Services.	ESA– 82
36	Average Grade and Salaries.	ESA– 83
5	Summary of resource requirements: revolving fund.	ESA– 85
7	Summary of financing	ESA– 87
8	Adjustments to base	ESA– 89
9	Justification of adjustments to base	ESA– 90
12	Justification of program and performance	
	Data Dissemination: direct obligations	ESA– 91
	Data Dissemination: reimbursable obligations	ESA– 93

February 1994

Exhibit 2

U.S. Department of Commerce
Economics and Statistics Administration


Under Secretary and Administrator
Deputy Under Secretary
Office of the Chief Economist
Office of Business Analysis
Office of Policy Analysis
Office of Economic Conditions and Forecasting
Office of Macroeconomic Analysis
Bureau of the Census*
Bureau of Economic Analysis

**The Bureau of the Census reports to the Under Secretary but is funded through separate appropriations.*

U.S. DEPARTMENT OF COMMERCE
ECONOMICS AND STATISTICS ADMINISTRATION
ESA Headquarters and the Bureau of Economic Analysis

EXECUTIVE SUMMARY

A sound understanding of the U.S. economy and of the economic circumstances of our country's businesses, households and individuals is indispensable to pursuing the Administration's goal of stimulating economic growth and providing economic opportunity for all. More than any other part of the U.S. Government, ESA is the source of the facts that describe the status and workings of our economy and society. Much of ESA's FY 1995 budget request is devoted to improving the yardsticks by which both government and business measure economic performance and which undergird both public and private policymaking.

Pursuit of President Clinton's goals will inevitably require tradeoffs, which means some Federal programs will expand and others contract. A good understanding of how businesses and households will be affected by program shifts will be indispensable to good decisionmaking. Here again, ESA is a main source of the information that makes it possible to evaluate the consequences of redirecting Federal budgets.

A central focus of the Administration is a commitment to redress the long-term structural failings of the economy. Without the facts generated by ESA, there is no picture of the structure of the U.S. economy.

Inadequate funding during much of the 1980s and persistent structural change in the American economy have combined to leave our statistical system on the brink of disarray. Our measurements of economic performance are perforated with gaps in areas of vital importance; areas of leading public policy concern are poorly measured if measured at all; the data gathering system imposes too great a work load on both the agencies that gather the data and the firms that provide it; and the resulting product goes underutilized in a world in which timely and accurate information is often the key to competitive business success.

The Economic Information Infrastructure Initiative (EI^3) described in this document is a cooperative program developed in collaboration among the Department of Labor's Bureau of Labor Statistics and the Department of Commerce' Bureau of the Census and Bureau of Economic Analysis. For BEA and ESA headquarters, organizations comprising the Economic and Statistical Analysis budget, it seeks $8.1 million in FY 1995 to create a new technological and methodological regime for collecting, analyzing, and disseminating information about the economy and American business.

The Economic Information Infrastructure Initiative

The Economic Information Infrastructure Initiative is a set of initiatives aimed at improving the nation's economic information infrastructure in four fundamental ways:

- Strengthen the Existing Program by Making Our Statistics More Accurate and Dependable. We must strengthen our understanding of the economy by improving the timeliness and accuracy of the national income and product accounts and related data, and by improving our measurement of such areas as services and international trade.

- Launch New Initiatives That Reflect New Concerns. The issues of concern to both business and public policy change continually, but our measurement of the economy and questions that our statistical system answers lag behind. Issues such as environmental accounting, international competitiveness, and research and development and health policy must be incorporated into the statistical system while preserving the integrity of its existing measurements.

- Re-engineer the Data-Gathering Process. The way in which economic information is collected and utilized can be redesigned to improve its reliability, and reduce both the cost of collecting it and its burden on business respondents, by consolidating surveys, providing greater scheduling notice, and using more extensive electronic reporting.

- Make Information a Competitive Asset. Business and the general public can have widespread access to ESA's information using electronic technologies that build on existing data dissemination programs and that will link them to the "electronic highwsys" of the future.

What is the problem?

There is increasing alarm over the quality, timeliness, accuracy, and comparability of our statistics about the economy.

A number of reports in the 1980's -- among them those of the American Economics Association, the National Association of Business Economists, the National Academy of Sciences, and the Office of Technology Assessment -- raised concerns over the quality of our nation's economic statistics. Congressional analysts, academic economists, industry specialists, and business representatives agree that our existing efforts have not accounted for dramatic changes in our economy's composition and structure or the technology that underlies it. The International Monetary Fund speaks of errors and omissions in the international accounts so large that "it has been difficult to ascertain whether individual countries have been debtors or creditors." And the Chairman of the Federal Reserve Board of Governors speaks of being unsure as to whether the economy's true state can be gauged for purposes of conducting monetary policy.

Thus, our statistical system has been unable to keep pace with the demands placed on it. Without correction, we will soon reach the point at which our economic policymaking apparatus -- including fiscal and monetary policies, trade policies, sectoral policies, and regional development initiatives -- will be "flying blind."

Why is there a problem?

The size and intricacy of the economy grows steadily. For example, there is an increasing number of firms producing goods and services (30 percent more in number than two decades ago) -- which means that the statistical system must reach more respondents in order to measure a greater level of economic activity.

Beyond this increase in size, the economy's complexity is growing rapidly:

- Technological innovation creates an evergrowing number of new goods and services and changes the character of others -- for example, computers, biogenetic pharmaceuticals, and medical care -- requiring new benchmarks for output, employment, productivity, and prices. Moreover, technology creates new types of jobs and new classes of employment that must be incorporated into existing measures.

- The service sector grows in both size and in scope, in such areas as software, insurance, financial instruments, or information products, that again demand new measurements of output, employment, productivity, and prices.

- A rising share of economic activity occurs through exports and imports, and a rising share of this foreign trade occurs in the form of services, making measurement difficult.

Moreover, new demands are continually placed on the statistical process, with such examples as:

- The requirement to incorporate environmental data into the national income and product accounts, as was ordered by the President as part of his 1993 Earth Day initiatives.

- The concern for the U.S.' economic competitiveness, leading to the need for more comprehensive measures of different forms of investment and for international economic data comparability.

- The need for comprehensive data on the health care system.

But the statistical infrastructure has not kept pace with these increases in size and complexity or the new demands placed upon it.

- Resources have been held roughly constant despite the growing size and complexity of output and employment.

- Deregulation of various transportation, energy, and communications industries has eliminated important sources of data on those industries.

The ESA Program in Context

The Department of Commerce strategic vision recognizes the importance of ESA when it notes that "the particular job of the Department is to...measure the manner in which private firms contribute to our national well-being." Making that assessment begins with the data and analysis produced by ESA.

The Department's strategic vision emphasizes "the importance of cross-cutting endeavors that demonstrate the strength of the Department as a single entity." ESA's FY 1995 budget is designed to assure that ESA can contribute forcefully to two of the Department's most important cross-cutting activities: the development of the National Information Infrastructure (NII) and the stimulation of U.S. competitiveness.

The President has made plain his interest in pro-environmental policies and programs, at, for example, his Earth Day speech. The Department's strategic vision shares this interest. ESA's FY 1995 budget request is designed to advance the Department's capability to link environmental and economic goals. Initiatives at BEA will lead to the creation of "Green NIPAs" or descriptions of the Nation's economic performance taking into account the costs of protecting the environment and the exhaustion of natural resources.

The Department's strategic vision notes that "the Secretary places special emphasis on the relationship between economic growth and technological advancement." BEA's work to develop a satellite R&D account, which will give a far more comprehensive view of the totality of R&D effort across the economy than now exists, will provide the Department with important new tools to investigate the linkages between economic growth and technology change.

ESA's proposal to develop an on-line economic and business information dissemination system, starting with a White House prototype system and expanding it by stages through initial distribution on INTERNET, to final placement on the national information super highway responds directly to the Commerce effort to "make the distribution of information user friendly." As this on-line information dissemination system develops, we also envision that the National Trade Data Bank (NTDB) will eventually be distributed via its network. This step would further enhance our capability to promote exports.

Tradeoffs

Every management decision that affects resources begins with a look inward to see whether implementation can be accomplished within existing funds or with self-supporting fees. However, given the unrelenting pressure to "make do" with less, the opportunities for contraction or reprogramming for other purposes are limited at best. ESA headquarters and BEA have taken significant actions in order to devote resources to higher priority programs. Indeed, reprogrammings may be necessary in FY 1994 in order to get underway new work that underpins the Economic Information Infrastructure Initiative.

Exhibit 5

Department of Commerce

Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Budget Authority	FTE	Direct Obligation
	President's Budget, 1994	558	$45,220	518	$46,586
	less: Obligations from prior years	0	0	0	(1,366)
ESA-9	plus: 1995 adjustments to base	(13)	1,717	(13)	1,717
	less: Prior year recoveries	0	0	0	0
	1995 Base	545	46,937	505	46,937
	less: Administrative savings	0	(100)	0	(100)
	less: FTE savings	(8)	(453)	(8)	(453)
	plus: 1995 program changes	97	8,061	50	8,061
	1995 Estimate	634	54,445	547	54,445

Page No.	Comparison by activity/subactivity		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
	Bureau of Economic Analysis											
ESA-35	National economic accounts	Pos/BA	208	$15,375	190	$16,301	185	$17,088	245	$21,490	60	$4,402
		FTE/Obl.	174	14,855	178	16,820	173		206		33	
ESA-43	International economic accounts	Pos/BA	205	12,737	186	13,727	181	14,474	208	16,647	27	2,173
		FTE/Obl.	172	12,760	173	13,705	168		177		9	
ESA-51	Regional economic accounts	Pos/BA	82	5,019	77	5,766	77	6,074	78	6,444	1	370
		FTE/Obl.	73	5,016	74	5,768	74		74		0	
ESA-55	Analysis of economic trends	Pos/BA	33	3,342	32	3,145	32	3,353	32	3,591	0	238
		FTE/Obl.	27	3,045	29	3,437	29		29		0	
ESA-59	Develop and acquire source data	Pos/BA	0	0	0	0	0	0	2	400	2	400
		FTE/Obl.	0	253	0	18	0		1		1	
	Subtotal	Pos/BA	528	36,473	485	38,939	475	40,989	565	48,572	90	7,583
		FTE/Obl.	446	35,929	454	39,748	444		487		43	
ESA-63	BEA relocation	Pos/BA	0	5,000	0	900	0	0	0	0	0	0
		FTE/Obl.	0	4,799	0	1,051	0		0		0	
	Total, Bureau of Economic Analysis	Pos/BA	528	41,473	485	39,839	475	40,989	565	48,572	90	7,583
		FTE/Obl	446	40,728	454	40,799	444		487		43	
	Policy Support											
ESA-65	Policy support	Pos/BA	73	5,480	73	5,381	70	5,948	69	5,873	(1)	(75)
		FTE/Obl.	59	5,075	64	5,787	61		60		(1)	
	Total, Direct Obligations	Pos/BA	601	46,953	558	45,220	545	46,937	634	54,445	89	7,508
		FTE/Obl.	505	45,803	518	46,586	505		547		42	

Exhibit 5

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Adjustments to Obligations										
Recoveries		(35)		0		0		0		0
Unobligated Balance, start of year		(236)		(1,366)		0		0		0
Unobligated balance transferred		0		0		0		0		0
Unobligated Balance, end of year		1,366		0		0		0		0
Unobligated balance expiring		55		0		0		0		0
Financing from transfers:										
Transfer from other accounts (−)		(7,600)		0		0		0		0
Transfer to other accounts (+)		0		0		0		0		0
Appropriation		39,353		45,220		46,937		54,445		7,508

Exhibit 7

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
SUMMARY OF FINANCING
(Dollar amounts in thousands)

Comparison by activity	FY 1993 Actual	FY 1994 Currently Available	FY 1995 Base	FY 1995 Estimate	FY 1995 Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
Total Obligations	$49,079	$50,001	$48,808	$56,316	$7,508
Offsetting collections from:					
Reimbursable projects	(2,068)	(2,215)	(1,528)	(1,528)	0
Trust funds	0	0	0	0	0
Subscription and fee sales	(1,208)	(1,200)	(343)	(343)	0
Recoveries	(35)	0	0	0	0
Unobligated balance, start of year	(236)	(1,366)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	1,366	0	0	0	0
Unobligated balance expiring	55	0	0	0	0
Budget Authority	46,953	45,220	46,937	54,445	7,508
Financing:					
Transferred from other accounts (−)	(7,600)	0	0	0	0
Transferred to other accounts (+)	0	0	0	0	0
Appropriation	39,353	45,220	46,937	54,445	7,508

Exhibit 8

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
ADJUSTMENTS TO BASE

Adjustments to Base	Positions	FTE	Amount ($000)
TRANSFERS:			
Transfer from "Working Capital Fund", Office of the Secretary	2	2	$0
Transfer to ESA Revolving Fund	(2)	(2)	(131)
Subtotal, Transfers	0	0	(131)
ADJUSTMENTS:			
FY 1994 Reestimate of FTE and positions	(13)	(13)	0
Non recurring costs	0	0	(550)
Subtotal, Adjustments	(13)	(13)	(550)
ESTIMATED COST CHANGES:			
FY 1995 pay raise	0	0	365
FY 1994 Locality pay raise	0	0	1,066
Within-grade step increases	0	0	417
Changes in compensable day	0	0	(110)
Civil Service Retirement System (CSRS)	0	0	(31)
Federal Employees Retirement System (FERS)	0	0	57
Thrift Savings Plan	0	0	9
Federal Insurance Contribution Act (FICA) – OASDI	0	0	29
Health insurance	0	0	70
Employees' Compensation Fund	0	0	59
Travel:			
Per diem	0	0	2
Rental payments to GSA	0	0	93
Rental payments to Others	0	0	1
Printing and reproduction	0	0	12
Other services:			
Working Capital Fund	0	0	104
Audit costs	0	0	228
Supplies and materials	0	0	14
Equipment	0	0	15
Subtotal, Estimated cost changes	0	0	2,398
Total, Adjustments to Base	(13)	(13)	1,717

Exhibit 9

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	Positions	FTE	Amount ($000)
TRANSFERS:			
Transfer from "Working Capital Fund", Office of the Secretary	2	2	$0
Two full-time equivalent (FTE) and two permanent positions are being transferred from the Office of Human Resources Management, "Working Capital Fund", Office of the Secretary to BEA. The service agreement was discontinued in FY 1994.			
Transfer to ESA Revolving Fund	(2)	(2)	(131)
Two full-time equivalent (FTE) and two permanent positions, and $131,000 are being transferred from Salaries and Expenses to establish the ESA revolving fund for data dissemination activities.			
ADJUSTMENTS:			
FY 1994 Reestimate of FTE and positions	(13)	(13)	0
Non recurring costs	0	0	(550)
ESTIMATED COST CHANGES:			
Pay Raises			
FY 1995 pay increase and related costs	0	0	365
A general pay raise of 1.6 percent is assumed to be effective January 1, 1995.			

Total cost in FY 1995 pay increase	$344,370
Less amount absorbed in FY 1995	0
Amount requested in FY 1995 pay increase	344,370
Payment to Working Capital Fund	21,000
Total adjustment for FY 1995 pay increase	365,370

Exhibit 9

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base		Positions	FTE	Amount ($000)
FY 1994 locality pay raise		0	0	$1,066
A locality pay raise was implemented in January 1994.				
Total cost in FY 1995 of FY 1994 locality pay raise	992,000			
Less amount funded in FY 1994	0			
Less amount absorbed	0			
Amount requested in FY 1995 to provide full-year cost of FY 1994 locality pay raise	992,000			
Payment to Working Capital Fund	74,000			
Total adjustment for FY 1994 locality pay raise	1,066,000			
Within-grade step increases		0	0	417
An increase of $418,736 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in FY 1995.				
Estimated number of within-grade step increases	351			
Step increases not earned due to turnover (9.4% x 351)	33			
Average step above step 1 per separation	2			
Average cost per within-grade step increase	1,279			
Gross cost of scheduled step increases ($1,279 x 351)	448,929			
Less savings due to separations ($1,278 x 33 x 2)	(84,414)			
Subtotal, personnel compensation	364,515			
Benefits	52,221			
Total adjustment to base	416,736			
Changes in compensable days		0	0	(110)

The cost of one less compensable day in FY 1995 compared to FY 1994 is calculated by dividing the FY 1994 estimated personnel compensation ($24,664,000) and applicable benefits ($4,050,000) by 261 compensable days. The decrease in personnel compensation and benefits for one less compensable day is $110,015.

Exhibit 9

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base		Positions	FTE	Amount ($000)
Civil Service Retirement System (CSRS)		0	0	($31)
The number of employees covered by CSRS continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees' Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 61.6 percent in FY 1994 to 59.6 percent in FY 1995. Contribution rates will remain the same.				
FY 1995 ($24,664,000 x .596 x .07)	1,032,435			
FY 1994 ($24,664,000 x .616 x .07)	1,063,512			
Total adjustment to base	(31,077)			
Federal Employees Retirement System (FERS)		0	0	57
The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 38.4 percent in FY 1994 to 40.2 percent in FY 1995. Contribution rates will remain the same.				
FY 1995 ($24,664,000 x .402 x .129)	1,279,026			
FY 1994 ($24,664,000 x .384 x .129)	1,221,756			
Total adjustment to base	57,270			
Thrift Savings Plan (TSP)		0	0	9
The cost of ESA's contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain 2 percent.				
FY 1995 ($24,664,000 x .402 x .02)	198,299			
FY 1994 ($24,664,000 x .384 x .02)	189,420			
Total adjustment to base	8,879			

Exhibit 9

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base		Positions	FTE	Amount ($000)
Federal Insurance Contribution Act (FICA)		0	0	$29
As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will rise from $60,150 in FY 1994 to $61,050 in FY 1995. The OASDI tax rate will remain 6.2 percent in FY 1995.				
Regular Employees				
FY 1995 ($24,664,000 x .402 x .963 x .062)	591,981			
FY 1994 ($24,664,000 x .384 x .9586 x .062)	562,890			
Increase for FY 1994	29,091			
Other Salaries				
FY 1995 ($315,000 x .963 x .062)	18,807			
FY 1994 ($315,000 x .9588 x .062)	18,721			
Increase for FY 1994	86			
Total adjustment to base	29,177			
Health Insurance		0	0	70
Effective January 1993, ESA's contribution to Federal employees' health insurance premiums increased by 9.6 percent. Applied against the FY 1994 estimate of $732,000, the additional amount required is $70,272.				
Employees' Compensation Fund		0	0	59
The Employees' Compensation Fund bill for the year ending June 30, 1993, is $59,032 higher that the bill for the year ending June 30, 1992. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.				
Travel and transportation of persons				
Per Diem Increase		0	0	2
Effective January 1993, the General Services Administration raised per diem rates. As a result, ESA's rates increased 4.7 percent. This percentage was applied to the FY 1994 estimate of $40,000 to arrive at an increase of $1,880.				

Exhibit 9

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	Positions	FTE	Amount ($000)
Rental payments to GSA	0	0	$93
The Office of National Programs has provided an estimated FY 1995 cost of $5,858,406 for currently occupied space. This results in an increase $93,406 over the FY 1994 estimate of $5,765,000.			
Rental payments to Others	0	0	1
Space rented for federally–subsidized parking in Washington, D.C. has increased $922 over the current estimate of $18,000.			
GPO Printing	0	0	12
GPO has provided an estimated rate increase of 3.0 percent. This percentage was applied to the FY 1994 estimate of $402,000 to arrive at an increase of $12,060.			
Other Services			
Working Capital Fund (WCF), General Administration	0	0	104
This request is to fund cost increases in the Departmental Working Capital Fund to maintain its current level of operation.			
Audit costs	0	0	226
An increase of $226,000 is required to cover the cost of auditing financial statements, as required by the CFO Act.			
Supplies and materials	0	0	14
Based on the GDP deflator of 2.8 percent, the cost of supplies and materials is expected to increase by $14,084 from the FY 1994 estimate of $503,000.			
Equipment	0	0	15
Based on the GDP deflator of 2.8 percent, the cost of equipment is expected to increase by $15,344 from the FY 1994 estimate of $548,000.			
Total, Adjustments to Base	(13)	(13)	1,717

Exhibit 13

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Bureau of Economic Analysis
Salaries and Expenses
INCREASE FOR 1995

Economic Information Infrastructure Initiative (EI^3)

A. Strengthen the Existing Program by Making Our Statistics More Accurate and Dependable (+8 positions, +8 FTE and +$1,200 thousand) - We must strengthen our understanding of the economy by improving the timeliness and accuracy of the national income and product accounts (GDP), the balance of payments accounts, and related data.

o Strengthen the Underlying Source Data (+2 positions, +1 FTE and +$400 thousand) - BEA's economic accounts are based on a myriad of source data--most collected for other purposes. This initiative would upgrade the economic accounts by developing and acquiring new and improved source data that would be used to address high-priority statistical quality issues--accuracy, reliability, and timeliness--in key areas. This approach takes advantage of the integrating role within the statistical system played by BEA's economic accounts.

The funds would be used to develop and acquire data from Federal agencies' administrative records, to support new statistical surveys or extensions to existing surveys, to obtain tabulations of use mainly for the economic accounts, or to acquire specialized databases from the private sector. The initiative would provide funds in FY 1995 for specific projects in the following high-priority areas:

- Better understand the relationship between quality and price change: When problems in measuring quality changes cause the rate of pure price increase to be overstated, the measure of real (price-adjusted) output will be understated and the rate of inflation will be overstated. Funds would be used to obtain specialized data on quality-related characteristics and prices of "high tech" goods and services. (BEA has received only partial funding for this work in the past.) The data will provide the basis on which to develop additional price indexes that include statistically-based quality adjustments as needed for BEA's economic accounts.

- Updated picture of U.S. investment abroad: Despite the enormous growth in U.S. investment in foreign stocks, bonds, and other portfolio instruments, there has not been a comprehensive, or benchmark, survey since 1943. Funds would be used to assist Treasury in conducting a benchmark survey of U.S. portfolio investment abroad. The benchmark survey is key to providing updated estimates of the overall magnitude and composition of holdings abroad, needed by monetary authorities and market participants. In turn, the updated picture of holdings are needed as the basis for a more accurate picture of income earned on those holdings presented in the balance of payments and GDP accounts.

- Speed up the preparation of input-output tables: Input-output tables, which track how each detailed kind of good and service flows through producers to end users, must be prepared more quickly than in the recent past to serve the analytical purpose for which they are uniquely suited. Funds would be used to obtain specialized tabulations of unpublished Census data that would shorten the preparation time for the tables.

o Expand the Coverage of International Trade (+8 positions, +5 FTE and +$800 thousand) - Expand the coverage of data on international trade in nonfinancial services and in the exploding market for new financial services. The expanded coverage would improve the balance of payments accounts and the net exports component of GDP. Earlier, partial funding was used for "fixes"-- such as data exchanges with other countries and estimates based on partial date -- intended to fill gaps until new or revised surveys could provide timely and comprehensive coverage.

- International trade in services used to be sufficiently small that it could be estimated reasonably by simple trend. Now, however, U.S. trade in international services amounts to over $300 billion a year, producing a $55 billion surplus that helps to offset a $96 billion deficit in merchandise trade. As the size of trade in services has grown, so has the complexity of measuring it. Although BEA has dramatically expanded coverage of international services in recent years, the absence of comprehensive coverage on annual surveys and the absence of useful and timely quarterly indicators will make the services data increasingly inadequate and ultimately subject to large revisions.

- This initiative would provide funds to expand existing surveys or conduct new surveys to fill gaps in the coverage of international trade in services, especially financial. BEA has already made substantial progress in developmental work on surveys in a number of areas.

B. Launch New Initiatives That Reflect New Concerns (+74 positions, +37 FTE and +$3,589 thousand) - The issues of concern to both business and public policy change continually, but the data we collect and the questions that our statistical system answers lag behind. Statistics needed to deal with issues such as environmental accounting and international competitiveness must be incorporated into the statistical system while preserving the integrity of its existing measurements.

o Improve the International Comparability of Economic Data (+49 positions, +20 FTE and +$2,118 thousand)

- Introduce the new international standards: This initiative would provide the funds necessary to move forward on the introduction of the new international System of National Accounts and International Monetary Fund's guidelines for balance of payments accounts. With the implementation of the new frameworks, U.S. measures of economic growth, investment, and trade will be more comparable to those in other nations and will be updated to provide measures that reflect more adequately new and rapidly growing services, increased globalization of production and investment, and other features of today's and tomorrow's economy. The earlier initiative provided partial funding, but substantial research and documentation efforts, as well as development of long time series while present estimates continue to be prepared, remain to be funded.

- Revamp the reporting of international capital flows: Begin work to revamp the international capital flows reporting system to capture direct securities transactions and new financial instruments, such as derivatives, that bypass the existing system. With only partial funding for improvements, BEA has been forced to focus on data exchanges with foreign central banks and other interim improvements. This initiative would provide funds to begin a comprehensive redesign of the U.S. data collection system for international capital transactions. The revision would be a joint effort involving BEA, the Treasury, the Federal Reserve System, international organizations such as the International Monetary Fund, and statistical authorities in other countries.

  The major components of this restructuring of the capital reporting system would include:

  - Expand coverage of direct financial transactions (that is, financial transactions that do not go through U.S. brokers, banks, and other financial institutions) with unaffiliated foreign residents, especially those of multinational corporations.

  - Develop estimates for derivatives and other newly emerging financial instruments.

  - Develop improved compliance and revision procedures for the portfolio investment reporting system.

o Incorporate Environmental Performance in Economic Measurements (+25 positions, +17 FTE and +$1,471 thousand) - This initiative would provide funding for the "Green GDP" initiative. Following research and review, BEA will develop satellite accounts that bring environmental quality into economic measurements. Earlier, partial funding provided for the development of prototype measures of depletion of nonrenewable natural resources.

BEA has laid out a three-phase plan for a comprehensive and integrated set of economic and environmental accounts.

- For phase I, BEA will present prototype estimates of the economic value of nonrenewable natural resources. The nonrenewable resources include oil and gas, coal, uranium, and nonfuel minerals with a scarcity value. These estimates will provide a measure of gross domestic product (GDP) that is adjusted for the depletion of these resources. The prototype estimates will utilize a range of alternative methods for measuring the stock of natural resources, new discoveries and extensions, and depletion. In addition, BEA will present an integrated economic and environmental accounting framework that will provide a blue print for future work.

- For phase II, plans call for BEA to extend the nonrenewable natural resource accounts to renewable natural resources such as forests, soil, water, and fish stocks. The phase II (and phase III) estimates will be more difficult because they must be based on less well developed concepts and data sources.

- For phase III, plans call for BEA to move on to the valuation of a broader range of environmental assets, such as clean air and the environment as a recreational resource.

The request for FY 1995 provides funding for phase II of the project.

C. Re-engineer the Data-Gathering Process (+15 positions, 7 FTE and +$3,272 thousand) - The way in which economic information is collected should be redesigned to improve its reliability and reduce both the cost of collecting it and its burden on business respondents, by consolidating surveys, providing greater scheduling notice, and using more extensive electronic reporting.

o BEA Information System for the Year 2000: Move BEA from its 1970s mainframe-oriented data processing to an integrated microcomputer network.

This integrated system will provide:

- A reduction of respondent burden and more timely and accurate data through electronic data filing and data links for BEA's surveys of direct investment and international services.
- Standardized data transfer and on-line interactive editing and processing systems for primary and secondary source data across the national, regional, and international programs.
- An increase in the accuracy and quality of analytical and data products; and an increase in the accessibility and utility of BEA's data products for data users.

The major components of this multi-year initiative include:

- Develop an electronic data filing and customer service system for BEA's surveys of direct investment and international services.
- Procure hardware to allow for downsizing from the present mainframe. This hardware will support greater network processing power for on-line, interactive, statistical work; significantly more disk storage and CD-ROM capacity; and improved telecommunications.
- Install and/or upgrade software to support on-line interactive data processing systems. Features of this new system will include an improved operating system, data base management packages, graphics interfaces, and advanced statistics programs and programming language.
- Re-engineer BEA's existing mainframe applications programs for the new hardware and software systems. This re-engineering will include the redesign and re-programming of all mainframe and micro-computer applications for the national, regional, and international programs.

BUREAU OF ECONOMIC ANALYSIS
Funding for the Economic Information Infrastructure Initiative (EI^3)
by Activity
(Dollar amounts in millions of 1995 dollars)

Overview	National Economic Accounts	International Economic Accounts	Regional Economic Accounts	Analysis of Economic Trends	Develop and Acquire Source Data	1995 Increase/ (Decrease)
A. Strengthen the existing program	--	$0.8	--	--	$0.4	$1.2
B. Launch new initiatives	$3.2	0.4	--	--	--	3.6
C. Re-engineer the data gathering process	1.4	1.2	$0.4	$0.3	--	3.3
D. Make information a competitive asset	--	--	--	--	--	0.0
TOTAL	4.6	2.4	0.4	0.3	0.4	8.1

Exhibit 14

Department of Commerce
Economic and Statistical Analysis
Salaries and Expenses
PROGRAM CHANGE (PERSONNEL DETAIL)

Activity: Bureau of Economic Analysis
Subactivity: Bureau of Economic Analysis
Program Change: Strengthen existing programs.

Title		Grade	Number	Annual Salary	Total Salaries
Economist		13	1	$49,947	$49,947
Economist		12	3	42,003	126,009
Economist		11	2	35,045	70,090
Economist		9	1	28,964	28,964
Secretary		6	1	21,805	21,805
Total			8		296,815
Less lapse	25.00%		2		74,204
Total full-time permanent			6		222,611
1995 Pay Adjustment (1.6%)					3,562
TOTAL					226,173

Personnel Data	Number
Full-Time Equivalent Employment:	
Full-time permanent	6
Other than full-time permanent	0
Total	6
Authorized Positions:	
Full-time permanent	8
Other than full-time permanent	0
Total	8

Exhibit 14

Department of Commerce
Economic and Statistical Analysis
Salaries and Expenses
PROGRAM CHANGE (PERSONNEL DETAIL)

Activity: Bureau of Economic Analysis
Subactivity: Bureau of Economic Analysis
Program Change: Launch new Initiatives.

Title		Grade	Number	Annual Salary	Total Salaries
Supervisory Economist		13	15	$49,947	$749,205
Economist		12	24	42,003	1,008,072
Economist		11	16	35,045	560,720
Economist		9	11	28,964	318,604
Computer Specialist		7	2	23,678	47,356
Economist		7	2	23,678	47,356
Secretary		7	2	23,474	46,948
Secretary		6	2	21,805	43,610
Total			74		2,821,671
Less lapse	46.40%		37		1,309,348
Total full-time permanent			37		1,512,623
1995 Pay Adjustment (1.6%)					24,200
TOTAL					1,536,723

Personnel Data

Full-Time Equivalent Employment:	
Full-time permanent	37
Other than full-time permanent	0
Total	37
Authorized Positions:	
Full-time permanent	74
Other than full-time permanent	0
Total	74

Exhibit 14

Department of Commerce
Economic and Statistical Analysis
Salaries and Expenses
PROGRAM CHANGE (PERSONNEL DETAIL)

Activity:	Bureau of Economic Analysis
Subactivity:	Bureau of Economic Analysis
Program Change:	Re-engineer the data gathering process.

Title		Grade	Number	Annual Salary	Total Salaries
Computer Specialist		13	2	$49,947	$99,894
Computer Specialist		12	4	42,003	168,012
Computer Specialist		11	3	35,045	105,135
Computer Specialist		9	3	28,964	86,892
Computer Specialist		7	1	23,678	23,678
Computer Specialist		8	1	21,805	21,805
Secretary		5	1	20,173	20,173
Total			15		525,589
Less lapse	48.00%		8		252,283
Total full-time permanent			7		273,306
1995 Pay Adjustment (1.6%)					4,373
TOTAL					277,679

Personnel Data	Number
Full-Time Equivalent Employment:	
Full-time permanent	7
Other than full-time permanent	0
Total	7
Authorized Positions:	
Full-time permanent	15
Other than full-time permanent	0
Total	15

Exhibit 15

Bureau of Economic Analysis
Funding for the Economic Information Infrastructure Initiative (EI^3)
by Object Class

(Dollar amounts in thousands)

	Object Class	Strengthen Existing Program	Launch New Initiatives	Re-engineer Data gathering Process	1996 Increase/ (Decrease)
11	Personnel Compensation				
11.1	Full-time permanent	$226	$1,537	$278	$2,041
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	7	74	30	111
11.8	Special personnel services payments	0	0	0	0
11.9	Total personnel compensation	233	1,611	308	2,152
12.1	Civilian personnel benefits	65	491	90	646
13	Benefits for former personnel	0	0	0	0
21	Travel and transportation of persons	6	6	0	12
22	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	16	79	13	108
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities etc.	16	148	30	194
24	Printing and reproduction	5	37	9	51
25.1	Consulting services	0	0	0	0
25.2	Other services	117	161	334	612
25.3	Purchases of goods and services from Government accounts	690	486	1,188	2,364
25.4	Operation of GOCOs	0	0	0	0
25.5	Research and development contracts	0	0	0	0
26	Supplies and materials	20	113	430	563
31	Equipment	32	457	870	1,359
SUBTOTAL		1,200	3,589	3,272	8,061

Exhibit 13

Department of Commerce

Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
ADMINISTRATIVE SAVINGS FOR 1995
(Dollar amounts in thousands)

	1995 Base		1995 Estimate		1995 Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Salaries and Expenses	505	$46,937	505	$46,837	0	($100)
Bureau of Economic Analysis						
National economic accounts	173	17,088	173	17,049	0	(39)
International economic accounts	168	14,474	168	14,441	0	(33)
Regional economic accounts	74	6,074	74	6,062	0	(12)
Analysis of economic trends	29	3,353	29	3,345	0	(8)
Develop and acquire source data	0	0	0	0	0	0
Total, Bureau of Economic Analysis	444	40,989	444	40,897	0	(92)
Policy Support						
Policy support	81	5,948	61	5,940	0	(8)

	1995	1996	1997	1998	1999
Cost and Benefits					
Direct Obligations					
Uncapitalized	(100)	(203)	(380)	(380)	(380)
Budget Authority	(100)	(203)	(380)	(380)	(380)
Outlays	(89)	(203)	(380)	(380)	(380)
FTE	0	0	0	0	0

Exhibit 15

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Economic and Statistical Analysis Budget
Subactivity: Economic and Statistical Analysis Budget
Program Change: Administration savings

Object Class		1995 Increase/(Decrease)
11	Personnel compensation	
11.1	Full-time permanent	$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12.1	Civilian personnel Benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	(5)
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	(17)
24	Printing and reproduction	(3)
25.1	Consulting services	(21)
25.2	Other services	(47)
26	Supplies and materials	(7)
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	(100)

Exhibit 13

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
FTE SAVINGS FOR 1995
(Dollar amounts in thousands)

	1995 Base		1995 Estimate		1995 Increase/(Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Salaries and Expenses	505	$46,937	497	$46,484	(8)	($453)
Bureau of Economic Analysis						
National economic accounts	173	17,088	170	16,923	(3)	(165)
International economic accounts	168	14,474	166	14,335	(2)	(139)
Regional economic accounts	74	6,074	73	6,024	(1)	(50)
Analysis of economic trends	29	3,353	28	3,321	(1)	(32)
Davelop and acquire source data	0	0	0	0	0	0
Total, Bureau of Economic Analysis	444	40,989	437	40,603	(7)	(386)
Policy Support						
Policy support	61	5,948	60	5,881	(1)	(67)

	1995	1996	1997	1998	1999
Cost and Benefits					
Direct Obligations					
Uncapitalized	(453)	(453)	(453)	(453)	(453)
Budget Authority	(453)	(453)	(453)	(453)	(453)
Outlays	(403)	(453)	(453)	(453)	(453)
FTE	(8)	(8)	(8)	(8)	(8)

Exhibit 14

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM CHANGE (PERSONNEL DETAIL)

Activity:	Economic and Statistical Analysis Budget
Subactivity:	Economic and Statistical Analysis Budget
Program Change:	FTE reduction

Title	Grade	Number	Annual Salary	Total Salaries
Economist	14	(3)	$59,022	($177,066)
Economist	13	(1)	$49,920	(49,920)
Economist	12	(2)	42,003	(84,006)
Economist	11	(1)	35,045	(35,045)
Economist	7	(1)	23,678	(23,678)
TOTAL		(8)		(369,715)

Personnel Data

Full-Time Equivalent Employment:	
Full-time permanent	(8)
Other than full-time permanent	0
Total	(8)
Authorized Positions:	
Full-time permanent	(8)
Other than full-time permanent	0
Total	(8)

Exhibit 15

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Economic and Statistical Analysis Budget
Subactivity:	Economic and Statistical Analysis Budget
Program Change:	FTE reduction

Object Class		1995 Increase/(Decrease)
11	Personnel compensation	
11.1	Full–time permanent	($370)
11.3	Other than full–time permanent	0
11.5	Other personnel compensation	(8)
11.8	Special personnel services payments	0
11.9	Total personnel compensation	(378)
12.1	Civilian personnel Benefits	(75)
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Consulting services	0
25.2	Other services	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	(453)

Exhibit 10

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: National economic accounts

Comparison by line item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
National economic accounts.........	Pos/BA	208	$15,375	190	$16,301	185	$17,088	245	$21,490	60	$4,402
	FTE/Obl.	174	14,855	178	16,820	173		206		33	
Direct Obligations..................	Pos/BA	208	15,375	190	16,301	185	17,088	245	21,490	60	4,402
	FTE/Obl.	174	14,855	178	16,820	173		206		33	

Exhibit 12

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: National economic accounts

Goals and Objectives

Goals: To provide a clear picture of the U.S. economy through the preparation, development, and analysis of the economic accounts of the United States.

Objectives: To maintain and improve the system of national economic accounts. The national economic accounts consist of the national income and product and wealth accounts, which provide an overall view of the economic process; the interindustry accounts, which show how the various industries of the Nation interact to produce the gross domestic product (GDP); and the government accounts, which provide a detailed view of Federal, State and local governments in the GDP framework.

Base Program

National economic accounts - This work consists of the preparation, development, and analysis of the national income and product accounts, wealth accounts, measures relating to environmental change, the underlying interindustry (input-output) accounts, and the associated government accounts. The national income and product accounts, summarized by the GDP, provide an up-to-date, overall view of domestic and national production, its distribution, and its use as shown by the interrelated receipts and expenditures of producers, consumers, investors, government, and the foreign customers of the United States. The wealth accounts show the business, government and other holders of tangible national wealth. Measures relating to environmental change include estimates of the expenditures for pollution abatement and control prepared within the framework of the national economic accounts. The framework of these accounts is being modernized and extended to bring it into line with international guidelines. More specifically, the output consists of the following:

1. Monthly personal income and outlays - These estimates show personal income by type, personal taxes, total and per capita disposable personal income in current and constant dollars, personal consumption expenditures in current and constant dollars, and personal saving. Estimates of personal income and outlays are released to the public about 4 weeks after the close of the reference month and are published monthly in the Survey of Current Business (Survey).

2. GDP estimates - These estimates show GDP by type of expenditure, type of product, and sector and national income by type of income; personal income and its disposition; personal consumption expenditures by major type of product; government receipts and expenditures, by type; government purchases of goods and services, by type; government expenditures by type and function; foreign transactions; saving and investment; private purchases of producers' durable equipment and structures; inventories and final sales of business; national income, number of employees, persons engaged in production, hours worked by employees, and corporate profits by industry; quantity and price indexes associated with GDP and it's components; and supplementary measures such as motor vehicle output, farm output, and housing output.

Advance estimates in considerable detail are released to the public about 4 weeks after the end of the quarter and are published in the Survey in the first month after the end of the quarter. The first full set of quarterly estimates is released to the public about 8 weeks after the end of the quarter and is published in the Survey in the second month after the end of the quarter. A revised full set of quarterly estimates is released to the public 12 weeks after the end of the quarter and is published in the Survey in the third month after the end of the quarter.

Advance annual estimates for the preceding year are published in the January Survey. Estimates for the 3 most recent years are revised on the basis of more comprehensive information and, except in benchmark years, are published in the July Survey. The richness of underlying data permits the publication of considerably more detail than is possible for the quarterly figures. One hundred thirty-four tables are shown in the July Survey; quarterly estimates from 53 of these tables are published in the Survey in other months.

Comprehensive benchmark estimates are prepared based largely on the results of the quinquennial economic censuses and the benchmark input-output tables. The results of the most recent benchmark revision, which incorporated the 1982 input-output tables and available information from the 1987 Economic Censuses, were published in the November and December 1991 and January 1992 Surveys. Historical supplements, in two volumes, covered 1929-58 and 1959-88.

3. GDP by industry - Following suspension of the annual estimates in 1989, in order to overhaul the methodology, improved estimates for 1977 to 1989 were published in the January and April 1991 Surveys. Estimates incorporating the results of the most recent benchmark revision were published in the May 1993 Survey; the estimates were extended to 1991 and were published in the November 1993 Survey.

4. Fixed capital - Estimates of the stock of fixed capital are made annually. Summary estimates are published in the August Survey. Estimates incorporating the results of the most recent benchmark revision were published in the January 1992 Survey. More detailed estimates were published in a historical supplement in 1992.

   - Nonresidential fixed private capital of the United States. These estimates are by detailed industry. These cover gross and net capital stocks, depreciation, discards, and average ages of net and gross capital stocks. The estimates are provided by legal form of organization in historical-cost, constant-cost, and current-cost valuations, and by type of structure and equipment.

   - Housing. These estimates show gross and net stocks, in historical-cost, constant-cost, and current-cost valuations, of the value of the farm and nonfarm housing stock, by type of structure -- one-to-four dwelling unit structures, structures containing five or more dwelling units, mobile homes, and owner- and tenant-occupied dwelling units.

   - Consumer durables. These estimates show gross and net stocks of durable goods owned by consumers in constant-cost and current-cost valuations.

   - Fixed capital owned by the Federal Government and by State and local governments. These estimates show gross and net stocks, in constant-cost and current-cost valuations, for all governments, the Federal Government, and State and local governments separately for equipment and structures.

5. Inventories and business sales - Estimates of constant-dollar inventories, final sales of business, and inventory-sales ratios are published quarterly in the Survey, as are separate estimates of constant-dollar manufacturing and trade inventories, sale, and ratios. Estimates of manufacturing inventories by stage of fabrication also are published quarterly.

6. Environmental statistics - Annual estimates of capital expenditures and operating costs for pollution abatement and control, prepared within the framework of the national economic accounts, are published in the Survey. These estimates are prepared in current and constant dollars and are classified by sector of the economy (consumers, business, and government) and by the element of the environment affected (air, land, and water). Annual estimates of nonfarm business capital expenditures for pollution abatement and selected industry detail for gross and net stocks for pollution abatement are prepared and made available upon request.

7. Special compilations for international organizations - Official translations of the U.S. national income and product accounts into the forms prescribed by the United Nations and the Organization for Economic Cooperation and Development (OECD) are prepared for these organizations.

8. Input-output tables - Input-output tables show, for each industry, the amount of its output that is used by every other industry as raw materials or semi-finished products, as well as the sales to the final markets -- consumers, business investors, government, and rest of the world. They also show, for each industry, its consumption of the output of every industry and its value added (total industry output less the value of materials consumed and services purchased).

   - Comprehensive benchmark input-output tables are prepared every 5 years. The most recent benchmark input-output tables at the 537 industry level are for 1982 and were published in the July 1991 Survey.

   - Annual input-output tables, prepared in less industrial detail, update the benchmark tables. Annual tables have been prepared starting with 1986.

   - Articles that explain and use the input-output tables as tools of economic analysis also are published in the Survey. Special analyses are prepared of the impact on the various industries of changes in specified final demands, output of other industries, and prices.

9. Capital goods flow tables - Tables showing capital goods flows from producing to using industries are prepared for the same years as the benchmark input-output tables. Capital goods flow tables for 1982 will be released in 1994.

10. Employment and employee compensation tables - Tables showing the number of employees, compensation, wages and salaries, and supplements for each industry are prepared for the same years as the benchmark input-output tables.

11. Government budgets in the national economic accounts framework - The Federal and State and local budgets prepared within the national economic accounts framework provide a means of gauging the effect of government fiscal policies on the economy. Detailed reconciliations between this concept of the Federal budget and the President's budget are made on a quarterly basis and published in the July Survey. Estimates reflecting the programs underlying the Federal budget for the upcoming fiscal year are published in the Survey soon after the President's budget is released.

12. Quarterly estimates of cyclically-adjusted budgets are prepared. These estimates show the Federal receipts, expenditures, surplus or deficit, and Federal debt that would be generated if the economy were growing without cyclical fluctuation. Estimates reflecting the current year's fiscal policies are published quarterly. These estimates have been suspended pending the availability of resources to incorporate the 1991 comprehensive benchmark GDP estimates and a revised model to update the effects of recent changes in tax law and unemployment insurance.

13. Quarterly estimates of national defense purchases of goods and services are prepared in current and constant dollars. Measures of price change are calculated for approximately 130 detailed categories of purchases. Summary estimates are published monthly in the Survey as part of the GDP.

Work is underway to modernize and extend the national economic accounts. It is planned to replace the present accounts with economic accounts that will follow the revised guidelines of the international System of National Accounts. These new accounts, for which partial financing was requested in FY 1994, will include full sets of integrated current and capital sector accounts and satellite accounts for R&D and natural resources.

Exhibit 10

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: International economic accounts

Comparison by line item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
International economic accounts...	Pos/BA	205	$12,737	186	$13,727	181	$14,474	208	$18,647	27	$2,173
	FTE/Obl.	172	12,760	173	13,705	168		177		9	
Direct Obligations..................	Pos/BA	205	12,737	186	13,727	181	14,474	208	16,647	27	2,173
	FTE/Obl.	172	12,760	173	13,705	168		177		9	

Exhibit 12

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: International economic accounts

Goals and Objectives

Goals: To provide a clear picture of the U.S. economy through the preparation, development, and analysis of the economic accounts of the United States.

Objectives: To maintain and improve the system of international economic accounts. The international economic accounts consist of the balance of payments accounts, which give detail on U.S. transactions with foreign countries, and the international investment and international services estimates.

Base Program

Balance of payments accounts - This work consists of the preparation, development, and analysis of the balance of payments accounts, which provide a comprehensive and detailed view of economic transactions between the United States and foreign countries. Major types of transactions covered are merchandise trade; travel, transportation, and private services; income on international investment; U.S. Government military and other services; private remittances; foreign aid programs; private capital flows; and changes in foreign official assets in the United States and U.S. official reserve assets. More specifically, the output consists of the following:

1. Balance of payments estimates - Estimates containing all major components of the balance of payments accounts, including regional and country breakdowns, are published quarterly in the Survey. The regional and country breakdowns consist of bilateral balance of payments estimates for the European Communities; United Kingdom; total Western Europe; Eastern Europe; Canada; Latin America and other Western Hemisphere countries; Japan; other countries in Asia and Africa; Australia; and international organizations.

   Balance of payments quarterly estimates are released to the public about 12 weeks after the end of the quarter and are published in the Survey in the third month after the end of the quarter. Regular quarterly articles on the balance of payments also are published in the Survey. These analyze current developments in the U.S. balance of payments, changes in the foreign exchange value of the U.S. dollar, and the economic developments here and abroad that affect them.

Preliminary annual estimates for the preceding year are published in the March Survey. Estimates for at least the 3 most recent years are revised on the basis of more comprehensive information and are published in the June Survey.

In addition to the countries and regions for which quarterly bilateral accounts are published, estimates of annual bilateral balance of payments accounts for Mexico, Venezuela, Belgium-Luxembourg, Netherlands, France, Germany, Italy, and South Africa are published annually in the June Survey. The bilateral accounts with members of the Organization of Petroleum Exporting Countries are published in either the March or June Survey.

2. Special analyses - Special analyses of current developments related to the balance of payments are prepared. Examples are the effects of changes in exchange rates and prices on U.S. trade, the impact of petroleum transactions on the balance of payments, and appraisals of the balance of payments presentations.

3. Trade in goods - Quarterly estimates of merchandise trade on a balance of payments basis for detailed end-use categories are prepared as part of the quarterly balance of payments accounts. Beginning with the January 1994 merchandise trade data, BEA and the Bureau of the Census will issue a new monthly report on trade in goods and services that includes merchandise trade totals on a balance of payments basis.

4. International travel, transportation, and other services - Detailed estimates of receipts and payments arising from international travel and transportation, military expenditures and sales, and of a number of other U.S. Government and private service transactions and private remittances are prepared for the balance of payments accounts published quarterly in the Survey. Summary measures of services are prepared as part of the new monthly BEA-Census report mentioned above.

5. Government grants and credits - Quarterly estimates are prepared, giving information by program on grants, credits, and other assistance to foreign countries by the U.S. Government. These estimates are included in the quarterly balance of payments accounts. In addition, more detailed information is published primarily for use by the Congress and other Government agencies. These data are used to compile the official record of outflows to, and receipts from, foreign countries for Government aid and credit programs.

   Special compilations of Government grants and credits are prepared for OMB for use in the annual budget message and for the Department of the Treasury for use in annual reports on the international financial transactions of the Government. In addition, a detailed report is prepared annually for the use of the Development Assistance Committee of the OECD.

6. Private capital (other than direct investment) - Tabulations of banking and securities transactions and of corporate transactions with unaffiliated foreigners are prepared, and income on these investments is calculated. These estimates are included in the quarterly balance of payments accounts.

7. International investment position of the United States - Detailed annual estimates are prepared of the international assets and liabilities of the United States, changes in its net investment position, and factors accounting for those changes. These estimates, published in the June Survey, are reconciled with the capital flows shown in the balance of payments accounts.

8. Special compilations of the balance of payments accounts -Official translations of the balance of payments accounts into the format and content prescribed by the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, and the OECD are prepared for these organizations.

9. Bilateral reconciliation - The bilateral current-account statistics of the United States and Canada are reconciled and published annually. A detailed description of the reconciliation was published in the October 1993 Survey and in Canada's Balance of International Payments, Third Quarter 1993.

International investment and international services estimates - The international investment work consists of the preparation, development, and analysis of estimates of U.S. direct investment abroad; foreign direct investment in the United States; income flows associated with these investments; and other economic aspects of multinational enterprises, including their trade, employment, taxes, and plant and equipment expenditures. The international services work consists of the preparation, development, and analysis of U.S. services transactions with both affiliated foreign persons (parents and affiliates) and unaffiliated foreign persons. More specifically, the output consists of the following:

1. Regular sample surveys - Quarterly surveys of U.S. direct investment abroad and of foreign direct investment in the United States are taken in order to obtain data on income and capital flows for inclusion in the quarterly balance of payments accounts. A summary presentation of the direct investment position at the end of each year is published in the June Survey. A more detailed annual recapitulation of the results of these surveys is published in the August Survey. These annual reports give detailed information by country and industry on direct investment capital flows, income, reinvested earnings, royalties and license fees, other services transactions, and the direct investment position at the end of each year.

   Semiannual surveys are taken of current and projected plant and equipment expenditures of foreign affiliates of U.S. firms. The results are published usually in the March and September Surveys.

   Annual surveys of foreign direct investment in the United States and of U.S. direct investment abroad gather other financial and operating data, such as on employment, sales, trade, property, plant, and equipment. The results of the 1990 annual survey of foreign direct investment in the United States were published in the May 1992 Survey, and results of the 1991 survey were published in the May 1993 Survey. The results of the 1990 annual survey of U.S. direct investment abroad were published in the August 1992 Survey, and results of the 1991 survey were published in the July 1993 Survey.

A survey of new foreign direct investment in the United States is conducted to obtain data on outlays by foreigners to acquire or establish new U.S. affiliates and to obtain selected operating data for the new affiliates. Results are published annually, usually in the May Survey.

2. Benchmark surveys - These surveys cover transactions between all U.S. parent organizations and their foreign affiliates and between foreign parent organizations and their U.S. affiliates. Other economic information collected relating to U.S. parents and U.S. and foreign affiliates include sales of goods and services, trade, employment, balance sheets, and income statements. The estimates for these multinational companies from the benchmark surveys are shown separately by industry, and by country or region. Detailed final results of the benchmark survey of U.S. direct investment abroad for 1989 were published in September 1992. Detailed final results of the benchmark survey of foreign direct investment in the United States for 1987 were published in August 1990. A new benchmark survey of foreign direct investment in the United States, covering 1992, is now being conducted. Preliminary results are scheduled for publication in 1994.

3. Services surveys - A benchmark survey of selected services transactions with unaffiliated foreign persons is conducted to obtain data, by country, on the following types of services: advertising; computer and data processing; data base and other information services; telecommunications; agricultural services; research and development, commercial testing, and laboratory services; management consulting and public relations; accounting, auditing, and bookkeeping; legal services; education and training services; mailing, reproduction, and commercial art; employment agencies; industrial engineering; industrial-type maintenance and repair, installation, and training; performing arts; direct insurance; construction, engineering, architectural, and mining services; rights to natural resources; and miscellaneous disbursements, including news-gathering costs and the cost of maintaining business promotion, sales, or representative offices. Results of a benchmark survey covering 1991 were published as part of the U.S. balance of payments accounts in June 1992.

Selected data from the benchmark survey are updated in nonbenchmark years by means of an annual follow-on survey. Three other annual surveys of services transactions--on construction, engineering, architectural, and mining services, on insurance, and on royalties and license fees--are also conducted. The data from these surveys are included in the U.S. balance of payments accounts.

The data on services transactions with unaffiliated foreigners from these surveys, together with data on services sold through U.S. and foreign affiliates from BEA's direct investment surveys, are published annually in a detailed and unified format, usually in the September Survey.

4. Multinational company activities - An information system is maintained that integrates the international and domestic data for multinational companies collected by BEA. This system provides for the production of organized and consistently defined information on U.S. companies and their foreign affiliates, and on foreign companies and their U.S. affiliates, at the needed level of detail, including data on type of ownership, industry, and country classification. Data are stored in accessible form and are organized to facilitate the matching of benchmark surveys against sample surveys, permitting efficient universe estimates from sample surveys. Analyses utilizing the data are published in the Survey covering such topics as the role of multinational companies and their foreign affiliates in U.S. international trade, the employment and payroll costs of multinational companies, and estimates of gross product (value added) of foreign affiliates of U.S. companies and of U.S. affiliates of foreign companies.

Data in the system for foreign-owned U.S. business enterprises are being matched to the Census Bureau's data for individual establishments (i.e., plants) of those enterprises to obtain much more detailed data by State and industry for foreign-owned enterprises than would otherwise be available. The first results of the link project were published in June 1992. The project has been expanded to cover later years (1989-90) and additional items from Census' Annual Survey of Manufacturers; the expanded results were published in August and September 1993, and an article analyzing the results was published in the January 1994 Survey. Results of a parallel link project with the Bureau of Labor Statistics to obtain detailed information on the occupational structure of the establishments of foreign-owned enterprises were released in October 1993.

Exhibit 10

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: Regional economic accounts

Comparison by line item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Regional economic accounts........	Pos/BA	82	$5,019	77	$5,766	77	$6,074	78	$6,444	1	$370
	FTE/Obl.	73	5,018	74	5,768	74		74		0	
Direct Obligations..................	Pos/BA	82	5,019	77	5,766	77	6,074	78	6,444	1	370
	FTE/Obl.	73	5,018	74	5,768	74		74		0	

Exhibit 12

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: Regional economic accounts

Goals and Objectives

Goals: To provide a clear picture of the U.S. economy through the preparation, development, and analysis of the economic accounts of the United States.

Objectives: To maintain and improve the system of regional economic measurement and analysis.

Base Program

Regional economic measurement - This work consists of the preparation, development, and analysis of economic accounts that show detail on economic activity by region, State, metropolitan area, and county. More specifically, the output consists of the following:

1. Personal income, by State - Annual estimates of personal income by type of income, tax and nontax payments, and disposable personal income by place of residence and earnings by industry and place of work for States and the District of Columbia are prepared twice each year. Summary level preliminary estimates of total and per capita personal and disposable personal income are published in the April Survey, four months after the end of the year. A revised, more detailed, set of estimates based on more complete data are published in the August Survey, eight months after the end of the year.

   Quarterly estimates of personal income by type of income and place of residence and earnings by major industry and place of work for States and the District of Columbia are prepared four times a year. Summary estimates of total and nonfarm personal income are published in the January, April, July, and October Surveys, four months after the end of the quarter.

   Personal income benchmark estimates are prepared approximately every 5 years based largely on the national benchmark estimates and additional or more current State data.

2. Personal income, by county and metropolitan area - Annual estimates of personal income by type of income and place of residence and earnings by industry and place of work for counties and metropolitan areas are prepared once each year. Summary estimates of total and per capita personal income are published in the April Survey for each of the more than 3,000 counties and county equivalents and the 320 designated metropolitan areas in the United States. A detailed set of measures including labor and proprietors' income by industry, transfer payments by major program, farm income and expenses by major category, employment by industry, and a description of methodology is released each May and is available on a CD-ROM. These estimates constitute the only comprehensive and detailed economic series available annually on a local area basis.

   Personal income benchmark estimates are prepared approximately every 5 years based largely on the national and State benchmark estimates and additional or more current local area data.

3. Gross State product, by State - Annual estimates of gross State product by industry are prepared on a periodic basis and published in the Survey. Estimates for 1982 through 1990, reflecting a revised methodology and the most recent national benchmark revisions, were published in the December 1993 Survey and will be available on a CD-ROM. Estimates through 1991 are scheduled for publication in August 1994.

Regional economic analysis - This work consists of the preparation of analyses and projections of States and local areas. More specifically, the output consists of the following:

1. Regional, State, and local area economic analyses - Analyses are carried out to identify and measure the factors that determine area differences in levels and growth rates of total and per capita personal income and of industrially detailed earnings, employment, and output. These analyses are needed to improve the techniques for preparing the State and local area economic projections, and to assess, in advance, the area effects of alternative development programs. Analyses are published in the Survey and in special supplements.

2. Regional, State, and local area economic projections - Projections of personal income, employment, earnings (of persons) by industrial source, and population are prepared every 5 years for each State and the District of Columbia and for all metropolitan areas. During the interim period, economic projections are made for selected State and local areas. Economic projections are published in the Survey and in special supplements.

Exhibit 10

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: Analysis of economic trends

Comparison by line item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Economic outlook..........................	Pos/BA	33	$3,342	32	$3,145	32	$3,353	32	$3,591	0	$238
	FTE/Obl.	27	3,045	29	3,437	29		29		0	
Direct Obligations..................	Pos/BA	33	3,342	32	3,145	32	3,353	32	3,591	0	238
	FTE/Obl.	27	3,045	29	3,437	29		29	0	0	0

Exhibit 12

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: Analysis of economic trends

Goals and Objectives

Goals: To provide a clear picture of the U.S. economy through the preparation, development, and analysis of the economic accounts of the United States.

Objectives: To maintain and improve measures and analyses that extend the usefulness of the economic accounts. These include a system of business cycle indicators and analyses of the economic situation.

Base Program

Business cycle indicators - This work consists of a system of leading, coincident, and lagging business cycle indicators and of related data that help to depict current and future economic activity. More specifically, the output consists of the following:

A monthly compendium of business cycle indicators is published monthly in the "C pages" of the Survey. This compendium presents approximately 270 monthly and quarterly seasonally adjusted economic time series, about 100 of which have been classified as cyclical indicators (i.e., series that conform well to broad fluctuations in aggregate economic activity). The cyclical indicators (classified as leading, roughly coincident, or lagging), the composite indexes derived from them, and related diffusion indexes are recognized as useful tools for economic forecasting. The remaining series are useful in the interpretation of the economic situation and outlook but they do not qualify as cyclical indicators. Various analytical measures and summary characteristics of individual series also are shown. The series are shown in graphic and tabular form. Occasionally, articles that present a summary of cyclical indicators methodology or analyses of their performance are published in the Survey. In addition, the Handbook of Cyclical Indicators, published intermittently, contains the composite index methodology, descriptions and historical data, and analytical measures. The latest edition was issued in 1984.

Current business analysis - This work consists of the preparation of analyses of the economic situation and outlook, the Survey, and the provision of information services. More specifically, the output consists of the following:

1. Analysis of the economic situation - analyses of current economic conditions and the near-term outlook are published in "The Business Situation" section of the Survey. These analyses are prepared within the framework of the economic accounts. A review of the advance GDP estimates are published quarterly. In addition, analyses of specific aspects of the economic situation are published. Examples are: residential construction; the labor market; price changes; financial developments; and developments in particular industries, such as motor vehicles, that have an important influence on short-term business activity.

2. Statistics and explanatory notes are published monthly in the "S pages" of the Survey. These carry approximately 1,950 separate series. Used in conjunction with the biennial Business Statistics supplements to the Survey, they provide continuous and consistent series running back many years and cover all major aspects of the economy. Most of the series are obtained from other Government agencies and from private organizations.

3. The biennial Business Statistics supplements provide back data for series published in the monthly issues of the Survey, most of them in the "S pages". Explanatory notes define terms, give sources of data, and describe methods of compilation.

4. Preparation of the Survey - This includes the review and coordination of the layout, chartwork, and mechanics of preparing the copy of the Survey for the printer. Similar support is provided for other BEA publications.

5. Editorial and publications services - This includes the substantive and editorial review of all BEA monographs and press releases and the provision of publications production services.

6. Public information services - This includes the handling of requests for BEA information and the preparation of explanatory materials about BEA products and services.

Exhibit 10

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: Develop and acquire source data

Comparison by line item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Develop and acquire source data..	Pos/BA	0	$0	0	$0	0	$0	2	$400	2	$400
	FTE/Obl.	0	253	0	18	0		1		1	
Direct Obligations..................	Pos/BA	0	0	0	0	0	0	2	400	2	400
	FTE/Obl.	0	253	0	18	0		1		1	0

Exhibit 12

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: Develop and acquire source data

Goals and Objectives

Goals: To provide a clear picture of the U.S. economy through the preparation, development, and analysis of the economic accounts of the United States.

Objectives: To maintain and improve the system of economic accounts. (More specific objectives are described below.)

Base Program

Develop and acquire source data - This work consists of upgrading the national and international economic accounts by the acquisition of new and improved source data. The funds are used to secure additional information from Federal agencies' administrative records and to support new statistical surveys or extensions to existing surveys.

The funds are used to acquire source data that will address immediate quality issues--accuracy, reliability, and timeliness. Four main objectives are shown below; under each objective, the priority areas for which additional source data are needed are listed. (Some source data will help meet more than one objective; each set of data needed is listed only under the objective to which it is most important.)

Objective 1: Measure more accurately the parts of the U.S. economy undergoing structural and institutional change.

1) Economic classifications: develop new and improved classification systems for economic activity (Standard Industrial Classification system and product classification systems) that will present an improved picture of the U.S. economy.

2) Retirement and other benefit payments: cover kinds of benefit plans that have grown in importance in the last decade and replace source data that have become unreliable because of changes in payroll and income tax rules.

3) Corporate expenses and income: cover expenses and income that are no longer separately reported on tax returns as a result of changes in tax law.

Objective 2: Reduce the size of revisions in quarterly and annual GDP estimates.

4) Merchandise trade and international trade in services: identify foreshadowing indicators to improve projections of missing source data.

5) Health services: put in place a monthly survey of consumer expenditures on selected services to provide a firmer basis for current quarterly estimates.

Objective 3: Speed up the preparation of benchmark input-output tables.

6) Tabulations of manufacturing: tabulate 5-digit product class shipments across all manufacturing industries.

7) No employee firms: expand coverage of the no employee firms.

Objective 4: Measure more accurately the transactions of the increasingly "internationalized" U.S. economy.

8) International portfolio investment: capture the increasing volume of security transactions flowing outside of traditional financial channels.

9) Data exchange and reconciliations: work with major trading partners to speed reporting and improve accuracy of U.S. estimates.

Exhibit 10

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: BEA relocation

Comparison by line item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
BEA relocation..............................	Pos/BA	0	$5,000	0	$900	0	$0	0	$0	0	$0
	FTE/Obl.	0	4,799	0	1,051	0		0		0	
Direct Obligations..................	Pos/BA	0	5,000	0	900	0	0	0	0	0	0
	FTE/Obl.	0	4,799	0	1,051	0		0		0	

BEA's relocation will be completed in FY 1994.

Exhibit 10

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Policy Support
Subactivity: Policy support

Comparison by line item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Policy support................................	Pos/BA	73	$5,480	73	$5,381	70	$5,946	69	$5,873	(1)	($75)
	FTE/Obl.	59	5,075	64	5,787	61		60		(1)	
Direct Obligations....................	Pos/BA	73	5,480	73	5,381	70	5,948	69	5,673	(1)	(75)
	FTE/Obl.	59	5,075	64	5,787	61		60		(1)	

Exhibit 12

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Policy Support
Subactivity: Policy support

Goals and Objectives

Goals: To support the Secretary, Under Secretary, and other Government officials in interpreting the state of the economy, and on matters relating to economic policy.

Objective: To advise the Secretary, Under Secretary, and other Government officials on matters related to economic developments and forecasts, and the development of options and positions relating to both macroeconomic and microeconomic policy; and to support the Secretary's and the Under Secretary's participation in the White House Domestic Policy Group, and in similar Administration economic policy forums.

Base Program

Economic policy support - The output consists of the following:

1. Reports, articles, speeches and Congressional testimony on economic issues, and regular and special studies on economic conditions and developments. Analyses include forecasts of aggregate economic activity, as well as reviews of current economic conditions in key sectors.

2. Reports and analyses on policy issues of concern to the Secretary and the Under Secretary. Such issues include overall fiscal and monetary policy, tax policy, the sectoral implications of macro-level policies, micro-level impacts of legislation and regulation, and the impact of international policy trends on the domestic economy.

3. Information, analysis, and guidance on pending economic policy decisions for the Secretary's and the Under Secretary's participation in the White House policy councils, as well as for senior Commerce officials in the interagency policymaking process. Policy proposals and staff papers are prepared for presentation by the Secretary and Under Secretary to these councils and forums.

4. Economic forecasts for the Secretary's and Under Secretary's participation in interagency groups, and in support of the Secretary's statutory role as a Director of the Pension Benefit Guarantee Corporation.

5. Review of material prepared by other Department of Commerce elements on issues affecting the domestic economy. Ensures that such material contains accurate and timely information, and reflects Departmental policy positions.

6. Assistance to the Office of Public Affairs and other Commerce elements in responding to news media requests for economic information and interpretation of economic data.

7. Participation in policy deliberations of the Organization for Economic Cooperation and Development (OECD), the International Labor Organization (ILO), the Asia Pacific Economic Cooperation (APEC) Forum, the Conference on Security and Cooperation in Europe (CSCE), EC92, and the U.N. Economic Commission for Latin America (ECLAC).

8. Assessments of the general and industry-level impacts of selected regulations and legislation on the business community. Examples of such regulations and legislation include measures proposed to affect climate change and to influence patterns of U.S. energy consumption.

9. Analyses of the cross-industry effects of microeconomic developments, trends, proposed and current policies, and unique events, e.g., supply interruptions, strikes, natural disasters, emergency mobilization and industrial preparedness conditions.

10. Congressionally mandated studies as required, such as, the annual assessment of foreign direct investment in the United States.

11. Microeconomic research of contemporary industrial trends and supporting statistical data bases.

12. Macroeconomic research on economic and financial conditions of major countries and identification and evaluation of key policy initiatives of these countries; assessments of likely impacts of foreign and domestic initiatives on the U.S. economy and U.S. competitiveness; indicators of economic and financial restructuring in developing countries, especially highly indebted nations; and analyses of impacts of U.S. trade and foreign direct investment on U.S. employment and economic growth, including issues related to the North American Free Trade Agreement, the Enterprise for the Americas Initiative, the Structural Impediments Initiative, and Asia Pacific Economic Cooperation. Research and analyses are to support the Secretary, the Under Secretary, and other Administration officials.

Exhibit 11

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
PROGRAM AND PERFORMANCE: REIMBURSABLE OBLIGATIONS
(Dollar amounts in thousands)

Activity: Reimbursable Program
Subactivity: Reimbursable program

Comparison by line item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Reimbursable projects.............	Pos/BA	50	$2,084	49	$2,215	31	$1,528	30	$1,528	(1)	$0
	FTE/Obl.	23	2,068	33		15		14		(1)	
Subscription and fee sales........	Pos/BA	9	1,507	9	1,200	6	343	6	343	0	0
	FTE/Obl.	9	1,208	9		6		6		0	
Reimbursable Obligations....	Pos/BA	59	3,591	58	3,415	37	1,871	36	1,871	(1)	0
	FTE/Obl.	32	3,276	42		21		20		(1)	0

Exhibit 12

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Reimbursable Program
Subactivity: Reimbursable program

Goals and Objectives

Goals: To provide economic and statistical data and analyses to other Federal agencies and to individuals and firms requesting such data.

Objectives: To provide, at cost, economic and statistical data and analyses to Federal agencies, which rely on the information to achieve their program objectives, and to any person, firm, or organization, public or private upon request.

Base Program

ESA upon request provides economic and statistical data and analyses on a reimbursable or advance payment basis to other Federal agencies, State and local government agencies, and the private sector. Fees are charged, and reimbursable agreements are established, when a special benefit is provided, i.e., a benefit to an identifiable recipient beyond that derived by the public at large. Fees and reimbursable agreements are priced to recover the full cost of providing the benefit. ESA's authorization to perform this work is 31 U.S.C. 1535, 15 U.S.C. 1516, 1525, and 1526.

ESA's reimbursable activities consist of providing:

1. Training of foreign nationals in national economic accounting.
2. Special data tapes, documentation, bulletins, or reports on input-output and GDP by industry data.
3. Special surveys, compilations, tabulations, and calculations of multinational corporate data.
4. Special regional economic projections and analyses.
5. Estimates of county money income and special retrievals of personal income and employment.
6. Support for activities related to oversight, congressional, and public affairs of the Census Bureau.
7. Other special information and data.

Exhibit 16

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1993 Actual	1994 Currently Available	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation						
11.1	Full-time permanent	$23,590	$24,820	$765	$25,585	$27,256	$1,671
11.3	Other than full-time permanent	478	587	44	631	623	(8)
11.5	Other personnel compensation	323	432	(100)	332	443	111
11.8	Special personnel services payments	0	0	0	0	0	0
11.9	Total personnel compensation	24,391	25,839	709	26,548	28,322	1,774
12.1	Civilian personnel benefits	4,498	4,953	347	5,300	5,871	571
13	Benefits for former personnel	18	0	0	0	0	0
21	Travel and transportation of persons	57	135	(31)	104	111	7
22	Transportation of things	12	1	0	1	1	0
23.1	Rental payments to GSA	4,434	5,765	93	5,858	5,966	108
23.2	Rental payments to others	146	18	1	19	19	0
23.3	Communications, utilities and miscellaneous charges	738	1,126	(100)	1,026	1,203	177
24	Printing and reproduction	221	402	17	419	467	48
25.1	Consulting services	417	698	0	698	677	(21)
25.2	Other services	7,723	686	(65)	621	1,230	609
25.3	Purchases of goods and services from Government accounts	0	4,937	322	5,259	7,579	2,320
25.4	Operation of GOCOs	0	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0	0
26	Supplies and materials	524	503	18	521	1,077	556
31	Equipment	2,624	1,523	(960)	563	1,922	1,359
32	Lands and structures	0	0	0	0	0	0
33	Investments and loans	0	0	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0	0	0
43	Interest and dividends	0	0	0	0	0	0
44	Refunds	0	0	0	0	0	0
99	**TOTAL OBLIGATIONS**	45,803	46,586	351	46,937	54,445	7,508
	Less prior year recoveries		(1,366)	0	0	0	0
	TOTAL BUDGET AUTHORITY		45,220	351	46,937	54,445	7,508

Exhibit 16

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1993 Actual	1994 Currently Available	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
Personnel Data						
Full-Time Equivalent Employment:						
Full-time permanent	459	472	(13)	459	501	42
Other than full-time permanent	46	46	0	46	46	0
Total	505	518	(13)	505	547	42
Authorized Positions:						
Full-time permanent	601	558	(13)	545	634	89
Other than full-time permanent	37	37	0	37	37	0
Total	638	595	(13)	582	671	89

Exhibit 17

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full–time permanent				
	Executive level	$0	$106	$106	$0
	Senior executive service	113	2,423	2,423	0
	General schedule	652	23,056	24,727	1,671
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80–313)	0	0	0	0
	Examiners of patent appeals (P.L. 82–593, 98–622)	0	0	0	0
	Examiners of trademark appeals (P.L. 98–622)	0	0	0	0
	Senior foreign service	0	0	0	0
	Foreign service staff	0	0	0	0
	Foreign service nationals	0	0	0	0
	Consultants & experts	0	0	0	0
	Students	0	0	0	0
	Subtotal	765	25,585	27,256	1,671
11.3	Other than full–time permanent				
	General schedule	44	599	591	(8)
	Wage board	0	0	0	0
	Experts & consultants	0	32	32	0
	Hourly	0	0	0	0
	Subtotal	44	631	623	(8)
11.5	Other personnel compensation				
	Overtime	0	28	28	0
	SES performance awards	(10)	17	17	0
	Cash awards	(30)	106	189	83
	Merit pay awards	(50)	172	200	28
	Other	(10)	9	9	0
	Subtotal	(100)	332	443	111
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	709	26,548	28,322	1,774

Exhibit 17

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	($8)	$1,334	$1,317	($17)
	Federal employees' retirement	130	1,467	1,763	296
	Thrift savings plan	15	206	255	49
	Federal insurance contribution act	69	1,280	1,445	165
	Health insurance	79	832	903	71
	Life insurance	3	75	82	7
	Employees' compensation fund	59	86	86	0
	Other	0	0	0	0
	Subtotal	347	5,300	5,871	571
13	Benefits for former personnel				
	Severance pay	0	0	0	0
	Unemployment compensation	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Common carrier	(20)	40	46	6
	Mileage	0	6	5	(1)
	Per diem/actual	(11)	44	48	4
	Vehicular	0	8	7	(1)
	Other	0	6	5	(1)
	[Overseas estimates]	0	0	0	0
	Subtotal	(31)	104	111	7
22	Transportation of things	0	1	1	0
	[Overseas estimates]	0	0	0	0
23.1	Rental payments to GSA	93	5,858	5,966	108
23.2	Rental payments to others	1	19	19	0
23.3	Communications, utilities and miscellaneous charges				
	Rental of ADP equipment	(50)	525	596	71
	Rental of office copying equipment	(5)	41	41	0
	Other equipment rental	(5)	12	18	6
	Federal telecommunications system	(10)	73	99	26
	Other telecommunications services	(10)	115	147	32
	Postal Service by USPS	(10)	170	210	40
	Other	(10)	90	92	2
	[Overseas estimates]	0	0	0	0
	Subtotal	(100)	1,026	1,203	177

Exhibit 17

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
24	Printing and reproduction				
	Publications	$8	$267	$293	$26
	Public use forms	3	49	53	4
	Envelopes	0	5	6	0
	Other	6	98	116	18
	[Payments to GA, WCF]	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	17	419	467	48
25.1	Consulting services				
	Management and professional support services	0	673	652	(21)
	Studies, analyses, and evaluation	0	25	25	0
	Engineering and technical services	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	0	698	677	(21)
25.2	Other services				
	Training				
	University	0	62	90	28
	Other	0	8	8	0
	Maintenance of equipment	0	248	248	0
	ADP services	(10)	100	100	0
	Telecommunications services	0	0	0	0
	Other non–government contracts	(55)	203	784	581
	Other	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	(65)	621	1,230	609
25.3	Purchases of goods and services from Government accounts	(97)	2,727	4,713	1,986
	Office of Personnel Management Training	0	31	55	24
	GSA reimbursable services	0	79	79	0
	Payments to GA, WCF	419	2,422	2,732	310
	Subtotal	322	5,259	7,579	2,320

Exhibit 17

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustments to Base	1995 Base	1996 Estimate	Increase/ (Decrease)
25.4	Operation of GOCOs	$0	$0	$0	$0
25.5	Research and development contracts	0	0	0	0
26	Supplies and materials				
	Office supplies	7	163	288	125
	ADP supplies	9	270	634	364
	Other	2	88	155	67
	[Overseas estimates]	0	0	0	0
	Subtotal	18	521	1,077	556
31	Equipment				
	Office machines and equipment	(198)	122	724	602
	ADP hardware	(667)	385	1,023	638
	ADP software	(91)	55	166	111
	Other	(4)	1	9	8
	[Overseas estimates]	0	0	0	0
	Subtotal	(960)	563	1,922	1,359
32	Lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0
43	Interest and dividends	0	0	0	0
44	Refunds	0	0	0	0
99	TOTAL OBLIGATIONS	351	46,937	54,445	7,508
	Less prior year recoveries	0	0	0	0
	TOTAL BUDGET AUTHORITY	351	46,937	54,445	7,508

Exhibit 33

Appropriation Language and Code Citations

"For necessary expenses, as authorized by law, of economic statistical analysis programs of the Department of Commerce, $49,602,000, to remain available until September 30, 1995," as follows:

15 U.S.C. 171 et seq., provides for the establishment of the Bureau of Economic Analysis (BEA) and provides the authority(s) and responsibility(s) for the functions of the Bureau of Economic Analysis.

15 U.S.C. 1501 et seq., provides the Secretary of Commerce (delegated by Departmental order to the Under Secretary for Economic Affairs) with the authority to carry out economic and statistical analysis functions.

15 U.S.C. 1503a., provides for the position of Under Secretary of Commerce for Economic Affairs. The Under Secretary shall perform such duties as the Secretary shall require.

15 U.S.C. 1512 provides the Department of Commerce with the authority to foster, promote and develop the foreign and domestic commerce of the United States, to the extent necessary for the performance of the ESA functions.

15 U.S.C. 1516 provides the Secretary of Commerce with authority to gather and distribute statistical information.

15 U.S.C. 4603a., provides that a study of Federal participation in SEMATECH be conducted under the direction of the Under Secretary of Commerce for Economic Affairs and that a report on the study be submitted annually to the Senate Governmental Affairs Committee and Senate Armed Services Committee.

15 U.S.C. 4901 et seq., provides authority for the Secretary of Commerce to establish and operate the National Trade Data Bank (NTDB).

22 U.S.C. 286f provides that the President shall make available balance of payments information as required by the Bretton Woods Agreement Act. The Bureau of Economic Analysis was assigned responsibility by Executive Order No. 10033, as amended and subsequent Departmental delegation for the collection of certain balance of payments data and the publication of the U.S. balance of payments accounts.

Exhibit 34

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses

CONSULTING AND RELATED SERVICES
(Dollar amounts in thousand)

	1993 Actual	1994 Estimate	1995 Estimate
Consulting services	$0	$0	$0
Management and professional services	417	673	652
Special studies and analyses	0	25	25
Management and support services for research and development	0	0	0
TOTAL	417	698	677

Consulting services, management and professional services, and special studies and analyses are utilized to the extent that they provide a cost–effective source for special services.

Further, it is not practical for ESA to conduct its work in an insulated environment. Consulting and related services contribute to the overall stability of ESA's work by: (1) providing cross–checks to ESA's work; and (2) supplementing staff to investigate important issues or problems.

Exhibit 35

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses

PERIODICALS, PAMPHLETS, AND AUDIOVISUAL SERVICES
(Dollar amounts in thousands)

	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Periodicals	$90	$79	$83	$86
Pamphlets	12	14	19	15
Audiovisuals	0	0	0	0
TOTAL	102	93	102	101

Bureau of Economic Analysis

This activity provides a clear picture of the U.S. economy through the preparation, development, and interpretation of the national income and product accounts, summarized by the gross domestic product (GDP); the wealth accounts, which show the business and other components of national wealth; the input–output accounts, which trace the interrelationships among industrial markets; personal income and related economic series by geographic area; the U.S. balance of payments accounts and associated foreign investment accounts; and measures relating to environmental change within the framework of the national economic accounts. The work on the national economic accounts is supplemented by the preparation and analysis of other measures of business activity, including a system of leading, coincident, and lagging economic indicators. The data and analyses prepared by this activity are disseminated mainly through its monthly publication, Survey of Current Business, including periodic supplements to the Survey, and also through the Economic Bulletin Board and the National Trade Data Bank.

Policy Support

This activity advises the Secretay, Under Secretary, and other Government officials on matters related to economic developments and forecasts, and the development of options and positions relating to both macroeconomic and microeconomic policy; supports the Secretary's and the Under Secretary's participation in White House policy councils, and in other Administration economic policy forums; and is responsible for the development and operation of the Department's Economic Bulletin Board, the National Trade Data Bank and the National Economic, Social and Environmental Data Bank.

Exhibit 36

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses

AVERAGE GRADE AND SALARY

	1993 Actual	1994 Estimate	1995 Estimate
Average ES Grade	4.50	4.39	4.39
Average GS/GM Grade	10.81	10.78	10.77
Average GS/GM Salary	$43,952	$45,978	$46,200

Exhibit 5

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Revolving Fund
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Budget Authority	FTE	Obligations
	President's Budget, 1994	0	0	0	$0
	less: Obligations from prior years	0	0	0	0
ESA-90	plus: 1995 adjustments to base	0	0	0	1,677
	less: Prior year recoveries	0	0	0	0
	1995 Base	0	0	0	1,677
	less: Administrative savings	0	0	0	0
	less: FTE savings	0	0	0	0
	plus: 1995 program changes	0	0	0	0
	1995 Estimate	0	0	0	1,677

Page No.	Comparison by activity/subactivity		1993 Estimate		1994 President's Budget		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
ESA-91	Data Dissemination	Pos/BA	0	$0	0	$0	0	$1,677	0	$1,677	0	$0
		FTE/Obl.	0	0	0	0	0	0	0	0	0	0
	Total	Pos/BA	0	0	0	0	0	1,677	0	1,677	0	0
		FTE/Obl.	0	0	0	0	0	0	0	0	0	0
	Adjustments to Obligations											
	Recoveries			0		0		0		0		0
	Unobligated Balance, start of year			0		0		0		0		0
	Unobligated balance transferred			0		0		0		0		0
	Unobligated Balance, end of year			0		0		0		0		0
	Unobligated balance expiring			0		0		0		0		0
	Financing from transfers:											
	Transfer from other accounts (−)			0		0		0		0		0
	Transfer to other accounts (+)			0		0		0		0		0
	Appropriation		0	0	0	0	0	1,677	0	1,677	0	0

Exhibit 7

Department of Commerce
Economic and Statistics Administration
Economic and Statistical Analysis Budget
Revolving Fund
SUMMARY OF FINANCING
(Dollar amounts in thousands)

Comparison by activity	FY 1993 Estimate	FY 1994 President's Budget	FY 1995 Base	FY 1995 Estimate	FY 1995 Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
Total Obligations..................................	$0	$0	$2,165	$2,165	$0
Offsetting collections from:					
Reimbursable projects..........................	0	0	0	0	0
Trust funds..	0	0	0	0	0
Subscription end fee sales....................	0	0	(2,165)	(2,165)	0
Recoveries..	0	0	0	0	0
Unobligated balance, start of year...........	0	0	0	0	0
Unobligated balance transferred...............	0	0	0	0	0
Unobligated balance, end of year............	0	0	1,677	1,677	0
Unobligated balance expiring..................	0	0	0	0	0
Budget Authority...................................	0	0	1,677	1,677	0
Financing:					
Transferred from other accounts (−)........	0	0	0	0	0
Transferred to other accounts (+)............	0	0	0	0	0
Appropriation...	0	0	1,677	1,677	0

Exhibit 8

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Revolving Fund
ADJUSTMENTS TO BASE

Adjustments to Base	Positions	FTE	Amount ($000)
Transfer in 1995			
Transfer from Salaries and Expenses, Bureau of the Census	0	0	$599
Transfer from Salaries and Expenses, Economics and Statistics Administration	0	0	131
Transfer from Reimbursable, Economics and Statistics Administration	0	0	947
Total, Adjustments to Base	0	0	1,677

Exhibit 9

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Revolving Fund
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base		Positions	FTE	Amount ($000)
TRANSFERS:				
Transfer in 1996		0	0	$1,677
Transfer from Salaries and Expenses, Bureau of the Census	599			
Transfer from Salaries and Expenses, Economics and Statistics Administration	131			
Transfer from Reimbursable, Economics and Statistics Administration	947			
Total, transfer	1,677			
$730,000 is being transferred to establish a Revolving Fund for the data dissemination of ESA headquarters.				
Total, Adjustments to Base		0	0	1,677

Exhibit 10

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Revolving Fund
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Data Dissemination
Subactivity: Data Dissemination

Comparison by line item	1993 Estimate		1994 President's Budget		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	FTE	Amount
Data Dissemination....................Pos/BA	0	$0	0	$0	0	$1,677	0	$1,677	0	$0
FTE/Obl.	0	0	0	0	0	0	0	0	0	0
Total ....Pos/BA	0	0	0	0	0	1,677	0	1,677	0	0
FTE/Obl.	0	0	0	0	0	0	0	0	0	0

Exhibit 11

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Revolving Fund
PROGRAM AND PERFORMANCE: REIMBURSABLE OBLIGATIONS
(Dollar amounts in thousands)

Activity: Data Dissemination
Subactivity: Data Dissemination

Comparison by line item		1993 Estimate		1994 President's Budget		1995 Base		1995 Estimate		1995 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Data Dissemination..................	Pos/BA	0	$0	0	$0	16	$0	16	$0	0	$0
	FTE/Obl.	0	0	0	0	16	2,165	16	2,165	0	0
Total....................................	Pos/BA	0	0	0	0	16	0	16	0	0	0
	FTE/Obl.	0	0	0	0	16	2,165	16	2,165	0	0

Exhibit 12

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Revolving Fund
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Data Dissemination
Subactivity: Data dissemination

Goals and Objectives

Goal: To make economic information a competitive asset.

Objective: To provide, at cost, economic and statistical data and analyses to Federal agencies, which rely on the information to achieve their program objectives, and to any person, firm, or organization, public or private upon request.

Base Program

ESA upon request provides economic and statistical data to other Federal agencies, State and local government agencies, the private sector including the business community and the general public. Federal agencies participating in the Economic Information Infrastructure Initiative (BEA, Census, and BLS) are custodians of a trove of information on economic, business, and workforce conditions. This archive can be a competitive asset for companies seeking information about markets, costs, employment patterns, demographics, industries, trade, and, under current agreements, data on trade leads collected by other agencies of the Department of Commerce. Moreover, making these data accessible to the public will help build the functionality of the "information highway," a project that remains a central goal of the Administration.

Establishing the Revolving Fund

A one-time transfer of funds in the amount of $730,000 from Census and ESA, representing ongoing support for data dissemination operations in the respective salaries and expenses accounts, begins to establish a self-supporting revolving fund for the data dissemination function of ESA headquarters. With the additional one-time appropriation called for by the functional transfer of $947,000 from the ESA reimbursable account, the working capital for this activity will be established and annual appropriations will no longer be required.

The Department of Commerce (DOC) is an acknowledged leader in the dissemination of business and economic information through computer and telecommunication technology. The Economics and Statistics Administration (ESA) has been an outstanding innovator in the field. Most recently, the Office of Business Analysis pioneered on-line dissemination of economic data with the Economic Bulletin Board and has greatly facilitated the department's export promotion function with the National Trade Data Bank on CD-ROM.

ESA's data dissemination activities consist of:

1. Economic Bulletin Board (EBB) on-line subscription service -- A personal computer based electronic bulletin board. An online source for trade leads as well as for the latest statistical releases from the Bureau of Economic Analysis, the Bureau of the Census, the Bureau of Labor Statistics, the Federal Reserve Board, Department of the Treasury, and other Federal agencies.

2. EBB (FAX) -- A public information service to get the latest economic, financial, and trade news available from the U.S. government in the time it takes to make a telephone call.

3. National Trade Data Bank -- Collection of data in electronic form from many Government agencies including BEA, Census, BLS, ITA, Agriculture, Energy, Treasury, the Federal Reserve Board, and international agencies, and disseminates these data through a computerized distribution system.

4. National Economic, Social, and Environmental Data Bank -- The domestic counterpart to the National Trade Data Bank. This product supports public policy analysis of such issues as economic growth, criminal justice, health, education, and the environment.

ESA electronic dissemination products now go to almost 400,000 individuals businesses and organizations, directly or through "multipliers" (information vendors, state and local government agencies, and educational institutions. But, there remain many millions of individuals, businesses, and other organizations that do not have access to basic information that would help them in their daily lives and business affairs and which would increase their understanding of the choices open to them.

Expanded and extended electronic dissemination can deliver information freedom to create economic growth and development. New developments in computer technology and the potential of emerging telecommunications technologies present a significant opportunity to expand the availability of the data services to businesses and individuals at limited costs.

Thus, the last initiative of the Economic Information Infrastructure initiative would build accessibility by:

- o having the statistical agencies agree to common standards for data bases and data communications and begin to conform their data archives to those standards;

- o using their data bases as part of a prototype system of economic and business information for future use on the national data network.

As recommended by the President's National Performance Review:

1. Commerce should build a business and economic information node for the information super highway.

2. The Economics and Statistics Administration should establish common formats and protocols for data transfer and standards for data description for use within the Department and for extension to the entire Federal Government information community.

3. Commerce should establish a prototype "on-line" business and economic information system in the White House (National Economic Council) to develop the concept, refine the data and communications standards, and create a state-of-the-art retrieval and analytical system.

The Economics and Statistics Administration will:

1. Build a business and economic information node for the information super highway. The ESA has already established an INTERNET node for the Economic Bulletin Board and is now proceeding to test that system with the Federal Depository Library system. The INTERNET is a predecessor of the National Information Infrastructure and so information products and dissemination techniques developed and tested on the INTERNET will be ready for NII.

2. Establish common formats and protocols for data transfer and standards for data description for use within Commerce and for extension to the entire Federal Government information community. Precedent for this exists in the standards established for the EBB, the National Trade Data Bank, and the National Economic, Social and Environmental Data Bank; 46 Federal Agencies already contribute to these products and use these standards.

3. Establish a prototype "on-line" business and economic information system in the White House (National Economic Council) to develop the concept, refine the data and communications standards, and create a state-of-the-art search and retrieval and analytical system. Later the dissemination techniques developed in the INTERNET test system can be combined with the most universally useful techniques of the White House system to create a first rate business and economic information system for the NII.

The standardization of formats and protocols will require no additional appropriated funds, but may require strong encouragement and support from the Administration.

The initial steps of placing the Economic Bulletin Board on the INTERNET have been financed out of user fees and its operation will be financed in the same way. The next steps, however, will involve more sophisticated software and substantial data preparation, and thus an additional amount of working capital.

Building the business and economic node for the information super highway

This is a cross-cutting project that can use the resources and talents of all Department bureaus as well as other Federal agencies to bring together and disseminate Federal government-produced business and economic information. Candidates for inclusion in the node include the following: basic business how-to manuals; rules and regulations affecting businesses: U.S. and foreign market research reports; economic, demographic, and social statistics; economic and business conditions in specific U.S. localities; calendars of government-sponsored events and news releases that may affect businesses locally, nationally, or internationally; and economic projections and forecasts. All Commerce agencies produce information fitting one or more of these categories.

The service will be of immediate use to:

- U.S. businesses to improve their competitiveness in world markets,
- economic and business analysts studying U.S. and world economic markets,
- educational institutions at all levels,
- state, local, and private economic development authorities, and
- government economic policy makers.

ESA on-line and CD-ROM based computer services bring together large amounts of information from 46 government agencies. Many of these agencies are also our best information customers, e.g., we have changed the way US&FCS collects, organizes, and uses its export promotion information to meet the needs of the nation's exporters.

Mr. MOLLOHAN. Testifying on behalf of this request today is Paul A. London, Acting Under Secretary for Economic Affairs.

Mr. London, since this is your first time testifying before us, we will submit your biographical material into the record. We would like to let you know that your written statement will be made a part of the record. If you will proceed with your oral testimony perhaps after introducing the other people at the witness table, we would appreciate it.

Mr. LONDON. Okay. Well, I was going to read my statement, but I will introduce Carol Carson, who is from the Bureau of Economic Analysis, and Jerome Jackson, who is our Administrative Officer and who will handle most of the detail questions.

Mr. MOLLOHAN. Welcome to the hearing today, both of you.

Mr. LONDON. Mr. Chairman, thank you very much, Members of the subcommittee. I am pleased to have this opportunity to appear before the Subcommittee. We are here today to present the fiscal year 1995 budget requests for the four appropriations that collectively fund the Economics and Statistics Administration.

Over the years we have requested additional funds to improve the quality of economic statistics. This year is no different. And quite understandably, you and your colleagues have asked, what are we getting for the added funds? We have made many improvements, but I want to report today on one that is just three weeks old.

On March 22, we released the trade report for the month of January, and it was unlike any that we have ever had before. It provided monthly data on our exports and imports of both goods and services, and the balance of our trade in goods and services. Up to now, our monthly reports only dealt with trade in goods. Yet, since 1980, U.S. exports of services have quadrupled, while exports of goods have only doubled. We enjoy a surplus in trade in services in contrast to our deficit in trade in goods. In short, our old way of reporting trade gave a misleading picture of the international competitiveness of the American industry.

The new report resulted from the program at the Bureau of Economic Analysis, BEA, to expand its collection of data on international transaction in services, an extension of an initiative supported by this subcommittee, like many others, several years ago and a reprogramming that it supported more recently. And it resulted from intense collaboration between BEA and the Bureau of the Census, a collaboration that we are making stronger every day.

Many other opportunities exist to produce better economic information and improve the quality of business, government, and household decision-making. We hope we will have your support to seize these opportunities as we have had in the past.

I would now like to turn to the request for the economic and statistical analysis appropriations. As I introduced earlier, joining me are Carol Carson, who is the Director of the Bureau of Economic Analysis, and Jerome Jackson, our principal administrative officer. When we finish with the ESA account budgets, Census officials will brief you on the Census budget.

Approximately 89 percent of the economic and statistical analysis budget is for the BEA. The BEA is the steward of the vast majority of the Nation's most essential economic statistics, from the gross domestic product and balance of payments estimates to monthly personal income and spending estimates.

For fiscal year 1995, for the economic and statistical analysis budget in total, we are requesting appropriations of $54.4 million for salaries and expenses, which includes $8.1 million for program initiatives and $1.1 million for base and administrative adjustments. BEA's proposed budget authority includes all of the $8.1 million increase, to a total of $48.6 million.

BEA seeks $1.2 million to strengthen its existing program. We must strengthen our understanding of the economy by improving the timeliness and accuracy of the national income and product accounts and related data, and by improving our measurement of increasingly sophisticated and complex international transactions.

In addition, BEA seeks $3.6 million to carry forward new initiatives that reflect new concerns. The issues of concern to both business and public policy change continually. That is really the theme of this increased request. We have to deal with these changes. The facts about these issues produced by our statistical system lag behind. We require better data, organized according to the concepts and methodology of our national income and product accounts, to deepen our understanding of America's international competitiveness, of the nation's research and development effort, and of the contribution of natural resources to our economic growth.

Finally, BEA seeks $3.3 million to reengineer its data-gathering process. Improvements at BEA in the way economic data are collected, processed and analyzed can improve data reliability and reduce both collection costs and reporting burden on business. It is essential that BEA move from its antiquated 1970s mainframe-oriented data processing system to a modern interactive network system.

Also, as you pointed out, for fiscal year 1995, we are requesting a one-time appropriation of $1.7 million funded entirely from offsets within ESA and Census, to establish the working capital for a self-supporting revolving fund for data products of the Economics and Statistics Administration. The sales of our products that package data and information from multiple government agencies is growing. We think it is time to put this activity on a self-financing basis.

That concludes my statement, Mr. Chairman. My colleagues and I are prepared to answer your questions before moving on to the Census request. I know this whole statement will be put in the record, and I apologize for just reading it to you, but I thought I ought to go through it.

Mr. MOLLOHAN. Thank you, Mr. London.

[The biographical sketch and prepared statement of Mr. London follow:]

BIOGRAPHY

PAUL A. LONDON
DEPUTY UNDER SECRETARY FOR ECONOMIC AFFAIRS

Dr. London ran his own economic consulting firm from May, 1981 until he joined the Commerce Department in June, 1993. He has been Executive Director of the Coalition of Northeastern Governors (CONEG), served in the Energy Department in the Carter Administration, and was the first director of the New England Economic Research Office, where he served as an advisor to the New England Congressional Caucus.

He has extensive experience as an economic and political analyst, research director, advisor, speaker, and writer. He has authored articles and reports on trade policy, the North American Trade Agreement (NAFTA), the GATT negotiation, inflation and competition policies, natural gas, electricity and related energy issues.

Paul received his AB, Masters, and Ph D. from Harvard, and was the President of the Kennedy School class of 1969-70.

PREPARED STATEMENT BY PAUL A. LONDON
ACTING UNDER SECRETARY FOR ECONOMIC AFFAIRS

BEFORE THE SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE, THE JUDICIARY, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
APRIL 13, 1994

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM PLEASED TO HAVE THIS OPPORTUNITY TO APPEAR BEFORE THE SUBCOMMITTEE. WE ARE HERE TODAY TO PRESENT THE FISCAL YEAR 1995 BUDGET REQUESTS FOR THE FOUR APPROPRIATIONS THAT COLLECTIVELY FUND THE ECONOMICS AND STATISTICS ADMINISTRATION.

MR. CHAIRMAN, OVER THE YEARS WE HAVE REQUESTED ADDITIONAL FUNDS TO IMPROVE THE QUALITY OF ECONOMIC STATISTICS. THIS YEAR IS NO DIFFERENT. AND, QUITE UNDERSTANDABLY, YOU AND YOUR COLLEAGUES HAVE ASKED "WHAT ARE WE GETTING FOR THE ADDED FUNDS?" WE HAVE MADE MANY IMPROVEMENTS, BUT I WANT TO REPORT TODAY ON ONE THAT IS JUST THREE WEEKS OLD.

ON MARCH 22 WE RELEASED THE TRADE REPORT FOR THE MONTH OF JANUARY, AND IT WAS UNLIKE ANY THAT WE HAVE EVER HAD BEFORE. IT PROVIDED MONTHLY DATA ON OUR EXPORTS AND IMPORTS OF BOTH GOODS AND SERVICES AND THE BALANCE OF OUR TRADE IN GOODS AND SERVICES. UP TO NOW, OUR MONTHLY REPORTS ONLY DEALT WITH TRADE IN GOODS. YET, SINCE 1980, U.S. EXPORTS OF SERVICES HAVE QUADRUPLED WHILE EXPORTS OF GOODS HAVE ONLY DOUBLED. WE ENJOY A SURPLUS IN TRADE IN SERVICES IN CONTRAST TO OUR DEFICIT IN TRADE IN GOODS. IN

SHORT, OUR OLD WAY OF REPORTING TRADE GAVE A MISLEADING PICTURE OF THE INTERNATIONAL COMPETITIVENESS OF AMERICAN INDUSTRY.

THE NEW REPORT RESULTED FROM THE PROGRAM AT THE BUREAU OF ECONOMIC ANALYSIS (BEA) TO EXPAND ITS COLLECTION OF DATA ON INTERNATIONAL TRANSACTION IN SERVICES, AN EXTENSION OF AN INITIATIVE SUPPORTED BY THIS SUBCOMMITTEE SEVERAL YEARS AGO AND A REPROGRAMMING THAT IT SUPPORTED MORE RECENTLY. AND IT RESULTED FROM INTENSE COLLABORATION BETWEEN BEA AND THE BUREAU OF THE CENSUS, A COLLABORATION THAT WE ARE MAKING STRONGER EVERY DAY.

MANY OTHER OPPORTUNITIES EXIST TO PRODUCE BETTER ECONOMIC INFORMATION AND IMPROVE THE QUALITY OF BUSINESS, GOVERNMENT, AND HOUSEHOLD DECISION-MAKING. WE HOPE WE WILL HAVE YOUR SUPPORT TO SEIZE THESE OPPORTUNITIES.

I WOULD NOW LIKE TO TURN TO THE REQUEST FOR THE ECONOMIC AND STATISTICAL ANALYSIS APPROPRIATIONS. JOINING ME ARE CAROL CARSON, DIRECTOR OF THE BUREAU OF ECONOMIC ANALYSIS, AND JEROME JACKSON, OUR PRINCIPAL ADMINISTRATIVE OFFICER. WHEN WE FINISH WITH THE ESA ACCOUNT BUDGETS, CENSUS OFFICIALS WILL BRIEF YOU ON THE CENSUS BUDGET.

APPROXIMATELY 89 PERCENT OF THE ECONOMIC AND STATISTICAL ANALYSIS BUDGET IS FOR THE BUREAU OF ECONOMIC ANALYSIS. THE BUREAU OF ECONOMIC ANALYSIS IS THE STEWARD OF THE VAST MAJORITY OF THE NATION'S MOST ESSENTIAL ECONOMIC STATISTICS, FROM THE GROSS

DOMESTIC PRODUCT AND BALANCE OF PAYMENTS ESTIMATES TO MONTHLY PERSONAL INCOME AND SPENDING ESTIMATES.

FOR FY 1995, FOR THE ECONOMIC AND STATISTICAL ANALYSIS BUDGET IN TOTAL, WE ARE REQUESTING APPROPRIATIONS OF $54.4 MILLION FOR SALARIES AND EXPENSES, WHICH INCLUDES $8.1 MILLION FOR PROGRAM INITIATIVES AND $1.1 MILLION FOR BASE AND ADMINISTRATIVE ADJUSTMENTS. BEA'S PROPOSED BUDGET AUTHORITY INCLUDES ALL OF THE $8.1 MILLION INCREASE, TO A TOTAL OF $48.6 MILLION.

BEA SEEKS $1.2 MILLION TO STRENGTHEN ITS EXISTING PROGRAM. WE MUST STRENGTHEN OUR UNDERSTANDING OF THE ECONOMY BY IMPROVING THE TIMELINESS AND ACCURACY OF THE NATIONAL INCOME AND PRODUCT ACCOUNTS AND RELATED DATA, AND BY IMPROVING OUR MEASUREMENT OF INCREASINGLY SOPHISTICATED AND COMPLEX INTERNATIONAL TRANSACTIONS.

IN ADDITION, BEA SEEKS $3.6 MILLION TO CARRY FORWARD NEW INITIATIVES THAT REFLECT NEW CONCERNS. THE ISSUES OF CONCERN TO BOTH BUSINESS AND PUBLIC POLICY CHANGE CONTINUALLY. BUT THE FACTS ABOUT THESE ISSUES PRODUCED BY OUR STATISTICAL SYSTEM LAG BEHIND. WE REQUIRE BETTER DATA, ORGANIZED ACCORDING TO THE CONCEPTS AND METHODOLOGY OF OUR NATIONAL INCOME AND PRODUCT ACCOUNTS, TO DEEPEN OUR UNDERSTANDING OF AMERICA'S INTERNATIONAL COMPETITIVENESS, OF THE NATION'S RESEARCH AND DEVELOPMENT EFFORT, AND OF THE CONTRIBUTION OF NATURAL RESOURCES TO OUR ECONOMIC GROWTH.

FINALLY BEA SEEKS $3.3 MILLION TO RE-ENGINEER ITS DATA-GATHERING PROCESS. IMPROVEMENTS AT BEA IN THE WAY ECONOMIC DATA ARE COLLECTED, PROCESSED, AND ANALYZED CAN IMPROVE DATA RELIABILITY AND REDUCE BOTH COLLECTION COSTS AND REPORTING BURDEN ON BUSINESS. IT IS ESSENTIAL THAT BEA MOVE FROM ITS ANTIQUATED 1970'S MAINFRAME-ORIENTED DATA PROCESSING SYSTEM TO A MODERN INTERACTIVE NETWORK SYSTEM.

ALSO FOR FY 1995, WE ARE REQUESTING A ONE-TIME APPROPRIATION OF $1.7 MILLION, FUNDED ENTIRELY FROM OFFSETS WITHIN ESA AND CENSUS, TO ESTABLISH THE WORKING CAPITAL FOR A SELF SUPPORTING REVOLVING FUND FOR DATA PRODUCTS OF THE ECONOMICS AND STATISTICS ADMINISTRATION. THE SALES OF OUR PRODUCTS THAT PACKAGE DATA AND INFORMATION FROM MULTIPLE GOVERNMENT AGENCIES IS GROWING. WE THINK IT IS TIME TO PUT THIS ACTIVITY ON A SELF-FINANCING BASIS.

THAT CONCLUDES MY STATEMENT, MR. CHAIRMAN. MY COLLEAGUES AND I ARE PREPARED TO ANSWER YOUR QUESTIONS BEFORE MOVING ON TO THE CENSUS REQUEST.

[COMMITTEE QUESTIONS]

WITH YOUR PERMISSION, MR. CHAIRMAN, WE WILL MOVE ON TO THE PRESENTATION OF THE PROPOSED FY 1995 BUDGET FOR THE BUREAU OF THE CENSUS. NOW, I WOULD LIKE TO CALL ON DR. HARRY SCARR, ACTING DIRECTOR, BUREAU OF THE CENSUS, ACCOMPANIED BY MR. JOSEPH BELLOMO, THE BUREAU'S BUDGET OFFICER, TO PROVIDE THE DETAILS OF THE BUREAU'S PROPOSED FY 1995 BUDGET.

ECONOMIC INFORMATION INFRASTRUCTURE INITIATIVE

Mr. MOLLOHAN. Could you describe for us the added benefits to the economy which will result from additional funding for the economic information infrastructure initiative in fiscal year 1995?

Mr. LONDON. Let me just say that I think the most important thing here is we are getting a lot of structural changes in this economy, and we need to be able to track those changes and keep up with them. We are getting technological changes, a huge expansion in the service part of the economy, and in addition, there is a huge expansion of international trade. So basically, this additional money is to allow us to keep abreast of these changes in the economy.

If you will permit me, sir, I would ask Carol Carson to get into any of the details of that that you would like.

Mr. MOLLOHAN. Well, we would like to have an appreciation of the details. What are you proposing to change; what will each element of those changes cost and what are the benefits that will be derived, if you would, please?

Ms. CARSON. Let me start first with a group of initiatives that come under the heading of source data. BEA's economic accounts are really put together by drawing on myriad source data that we get from the Census Bureau, and you will hear more about what they are doing in a minute, from other Federal agencies and from private sources. What we do is take that data and integrate it into a comprehensive picture of the economy such as presented by the gross domestic product.

As the economy changes, we have to look at new and improved source data, and we have identified several areas where we think that the accounts really need to be strengthened to give a picture of the economy that is realistic and up to date. Mr. London mentioned a couple of the areas; let me just provide a little bit more detail on some of those.

One of the areas is in what we are calling high-tech prices, where the real job—if you look at the data that is reported, for example, on the basis of sales revenue—is to sort out the part that is price change and the part that is quantity change, or the "real" value.

We did some work on computers a number of years ago that showed really how important for these high-tech goods it is to do a very sophisticated analysis to break down the price and the quantity so that you get a measure of prices that is realistic and so that you get real GDP that is realistic.

We propose to do more of the kind of work that was really pathbreaking work on computers. We would acquire source data for specific kinds of high-tech goods, certain medical equipment, for example. Another database that we have identified is on the equipment that is used for semiconductor manufacturing equipment. We would use those databases to get a better gauge on how you separate prices and quantities. We really feel that is very important in understanding what is going on in the economy, since it is changing so rapidly.

Another specific area is what we are calling international financial services. Over the last decade, there has been an absolute blossoming in the kind of financial instruments that are widely traded internationally. The U.S. now is a major participant in this international market and these new kinds of financial instruments. But basically, the statistical net, meaning the kinds of surveys and reporting forms that capture these data, was set up a decade or more ago and we are just not capturing that now. We believe that we have to set up new ways of finding out what is going on, because basically there are gaps in not only the balance of payments, but as it flows through to gross domestic product.

Mr. MOLLOHAN. May I—not to interrupt you, but I think I am hearing you say that you have to change that statistical net in order to be able to more accurately reflect what is happening in the economy, correct?

Ms. CARSON. Yes.

Mr. MOLLOHAN. What additional dollars are you asking for that are associated with those changes? I understand that that is what you are asking for.

Ms. CARSON. Right. We have a group of four initiatives that are for source data improvement, and the four programs together would come to $1.2 million; that would cover the two that I have mentioned.

Another one is an updated picture of U.S. investment abroad, and in that same area is expedited preparation of our input-output tables where we would again buy tabulations that would speed up that work.

Mr. MOLLOHAN. What are you spending this money on?

Ms. CARSON. On the last item?

Mr. MOLLOHAN. All of those proposals. You are asking for an additional amount of money to effect this, correct?

Ms. CARSON. Right.

Mr. MOLLOHAN. $1.2 million?

Ms. CARSON. Right, for the total of the four.

Mr. MOLLOHAN. What would you be spending it on—hardware, software?

Ms. CARSON. No. This is where we actually purchase the source data. For example, on the high-tech goods, there are private firms who have very specialized source data, and we would purchase that information to work with as our raw material.

On the trade and international financial services, we would continue to develop a new survey that would collect this information. In the case of input-output that I mentioned, we require special tabulations from the Census Bureau, and because it is a special tabulation, BEA would reimburse the Census Bureau for that special work.

DEPARTMENTAL PRIORITIES

Mr. MOLLOHAN. Okay. What are the Department's priorities among the EI^3 initiatives?

Ms. CARSON. The way the initiatives are set up now, the department has already sifted these down to what we feel are really the highest priority items. BEA's items are part of the total Commerce picture. For us, frankly, each of these is important in its own way. The one that I would point out as absolutely essential to BEA's future is the part on the updating our computer processing system.

This is one where to get moving now is absolutely critical in terms of positioning ourselves for our future ability to collect information, process it, and as well, disseminate it in the way that we find our customers are increasingly wanting it, and that is electronically.

Mr. MOLLOHAN. That is your top priority?

Ms. CARSON. That is the one that, if you pushed me to say which is the one that I feel is most important, yes, I would say that computer processing is absolutely critical.

Mr. MOLLOHAN. What is the next critical item?

Ms. CARSON. They are all critical.

Mr. MOLLOHAN. So we could cut out any of them and it would be equally damaging to you?

Ms. CARSON. We have already pared this back, given what we know you all face in a very tight-budget situation. The one that I identified I would pick out because it lays the ground so much for the future that we really need to get moving on that.

The others affect the quality of our data, and the quality of the data is something that we feel is essential that we maintain for a basis of providing what the public, the Administration, Congress, everybody needs to know about the economy.

Mr. MOLLOHAN. How do we compare with the rest of the world in the data compiling of economic statistics?

Ms. CARSON. It is a mix. In some areas, as *The Economist* magazine pointed out a couple of months ago when they did a survey of statistical agencies around the world, we are out ahead. That one particular area that they pointed out was in information on international direct investment, what foreigners invest in this country and what Americans invest abroad.

In some other areas our statistical system is so different that it is really hard to compare. You will note that one of the initiatives is to make our GDP and our other kinds of economic accounts more comparable to what other countries do. That is not so much a matter of quality—I think we have a high-quality GDP as we measure it—but to make us more comparable so that, for example, people sitting down around a G–7 negotiating table will all be looking at GDP measured the same way.

Mr. MOLLOHAN. Thank you. Mr. Rogers?

SERVICES TRADE SURPLUS

Mr. ROGERS. Thank you, and welcome. Mr. London, you mentioned that we enjoy a surplus in trade and services in contrast to our deficit in traded goods. Pardon me for not noticing, but what was the net trade balance?

Mr. LONDON. I don't remember. It is quite substantial, in the range of $30 billion. I don't remember that being in this, but it is a substantial surplus in the service area. Maybe the deficit on goods is in the $90 billion or $100 billion range and the surplus on services is about $30 billion. But that is off the top of my head. We could get you that.

Mr. ROGERS. Well, I am sure it was in the news; I am just curious about the figures.

[The information follows:]

SERVICES TRADE SURPLUS

In 1993, a $56 billion surplus in services partially offset a $132 billion deficit in goods, resulting in a net deficit of $77 billion, or 1.2 percent of GDP.

A copy of the most current data on balances in goods and services follows:

United States Department of
COMMERCE
NEWS Washington, D.C. 20230

ECONOMICS
AND
STATISTICS
ADMINISTRATION

Bureau of the Census
Bureau of Economic Analysis

CB-94-65
FT-900 (94-02)

Press Copy

IMPORTANT: This release contains sensitive economic data not to be released before 8:30 a.m. EDT Tuesday April 19, 1994.

For information on goods contact:

Haydn R. Mearkle	(301) 763-5333	Bureau of the Census
Richard M. Preuss	(301) 763-7754	Bureau of the Census

For information on services contact:

Media: Larry Moran	(202) 606-2649	Bureau of Economic Analysis
Technical: Howard Murad	(202) 606-9577	Bureau of Economic Analysis

U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES

February 1994

Goods on a Balance of Payments Basis and Services

The Bureau of the Census and the Bureau of Economic Analysis, through the Department of Commerce, announced today that total February exports of **$52.9 billion** and imports of $62.6 billion resulted in a goods and services trade deficit of **$9.7 billion**, $3.1 billion more than the $6.6 billion of January. February exports were $1.4 billion less than January exports of $54.3 billion. February imports were $1.7 billion more than January imports of $60.9 billion.

For goods, the February trade deficit was $13.9 billion, $2.5 billion more than the January deficit of $11.3 billion. The February services surplus of $4.2 billion was $0.5 billion less than the January surplus of $4.7 billion.

Exports of goods for February were $37.2 billion. This represented a $1.4 billion decline from January's $38.5 billion and $0.9 billion less than the 1993 average of $38.1 billion. Exports of services for February were $15.7 billion, virtually the same as in January and $0.2 billion more than the 1993 average of $15.6 billion.

Imports of goods for February were $51.1 billion. This represented a $1.2 billion increase from January's $49.9 billion and $2.0 billion more than the 1993 monthly average of $49.1 billion. Imports of services for February were $11.6 billion, $0.5 billion more than January's $11.1 billion and $0.6 billion more than the 1993 monthly average of $10.9 billion.

The three-month moving averages for February showed total exports of $54.8 billion and total imports of $61.6 billion, resulting in a deficit of $6.8 billion. Exports were $0.6 billion less than the January average of $55.4 billion, while imports were $0.1 billion more than the January average of $61.5 billion.

Selected Services Details

The January to February change in services exports reflected decreases in travel, passenger fares, other transportation, and tranfers under U.S. military sales contracts and increases in other private services, U.S. Government miscellaneous services and royalties and license fees.

The January to February change in services imports reflected increases in royalties and license fees, travel, passenger fares, other private services, and other transportation, and decreases in direct defense expenditures and U.S. Government miscellaneous services.

Selected Seasonally Adjusted Goods Details on a Census Basis

The January to February change in exports reflected decreases in capital goods ($0.9 billion), industrial supplies and materials ($0.4 billion), foods, feeds, and beverages ($0.1 billion), and consumer goods ($0.1 billion) and an increase in automotive vehicles, parts and engines ($0.1 billion); other goods was virtually unchanged.

The January to February change in imports reflected increases in industrial supplies and materials ($0.5 billion), automotive vehicles, parts and engines ($0.4 billion), consumer goods ($0.2 billion) and decreases in capital goods ($0.2 billion) and foods, feeds and beverages ($0.1 billion); other goods was virtually unchanged.

For non-petroleum products, February exports were $37.4 billion, $1.3 billion less than the $38.8 billion of January. Imports were $46.6 billion, $0.4 billion more than the $46.3 billion of January.

In 1987 constant dollars, February exports were $36.6 billion, $1.3 billion less than the $37.9 billion of January. Imports of $49.8 billion were $0.6 billion more than the $49.2 billion of January.

Selected Not Seasonally Adjusted Goods Details on a Census Basis

The February figures showed surpluses in billions of dollars with Australia $0.4 ($0.4), Argentina $0.3 ($0.2), Egypt $0.2 ($0.2), Hong Kong $0.1 (-$0.1), and Mexico virtually zero ($0.3). Deficits were recorded in billions of dollars with Japan -$4.6 (-$4.6), China -$1.7 (-$2.2), Canada -$1.0 (-$1.1), Taiwan -$0.8 (-$0.6), OPEC -$0.7 (-$0.3), Western Europe -$0.5 ($0.2), Singapore -$0.1 (virtually zero), Brazil -$0.1 (virtually zero). The January balances are shown in parentheses.

Exports of manufactured goods at $29.0 billion were $0.7 billion less than the $29.6 billion of January and $1.4 billion less than the $30.4 billion 1993 monthly average. Imports of manufactured goods at $39.4 billion were $0.4 billion more than the $38.9 billion of January and $0.6 billion less than the $40.0 billion 1993 monthly average.

Advanced technology products (ATP) exports were $8.9 billion for February and imports were $6.7 billion, resulting in a surplus of $2.2 billion, $0.7 billion less than the January surplus of $2.9 billion. February exports were $0.7 billion less than the $9.6 billion of January, while imports were virtually the same as in January.

Imports of energy-related petroleum products were $3.2 billion. Of this, crude oil was $2.2 billion, $0.1 billion less than the $2.3 billion of January. February crude oil imports at 182 million barrels were 13 million barrels less than the 195 million barrels of January and 29 million barrels less than the 1993 monthly average. The February crude oil average price per barrel ($12.03) was $.42 more than the $11.61 of January and $3.10 less than the 1993 average price of $15.13.

Carry-over in February was $0.1 billion (0.3 percent) for exports and $0.5 billion (1.1 percent) for imports. For January revised exports carry-over was virtually zero, revised down from 0.3 billion (0.8 percent). For January revised imports carry-over was $0.1 billion (0.2 percent) revised down from $0.4 billion (0.9 percent).

GREEN GDP

Mr. ROGERS. Now, tell me what is Green GDP?

Mr. LONDON. Well, again, I am going to pass off most of this answer.

Mr. ROGERS. I don't blame you. I would too.

Mr. LONDON. No. I think it is an interesting concept and we are trying to get a better measure of some of these natural resources issues that people are interested in, the use of various natural resources, the fisheries kinds of issues down the line that you have seen in the paper recently. But let me pass it off, since you don't blame me, I am just going to do it.

Ms. CARSON. I would be glad to try to answer that. I feel that green GDP is probably an unfortunate shorthand for a potentially very useful set of supplements to the GDP accounts.

Basically, the supplemental set of accounts would show an economic accounting framework that is consistently measured and consistently valued those items where you see the interaction between the economy and the environment. Let me, with that sort of a conceptual framework, try to be specific.

Mr. ROGERS. In a short span of time, please.

Ms. CARSON. Okay. One of the things that is not treated now as a cost of production the way the GDP is measured, is the using up, or the depletion, of natural resources. We would attempt to measure this depletion and put it into an economic accounting framework so that it could be seen as part of what is going on. But in addition to depletion, we have to recognize that there are additions to resources being made—from new discoveries or changes in technology that make a given reserve economically developable where it had not been before. We would present a framework where you could see the additions to reserves. As well, we recognize that price change affects those assets as well as other assets. And so we would develop a whole framework in which these items that bring together the economy and the environment are visible.

Mr. ROGERS. Where did this idea come from?

Ms. CARSON. It is an idea that has a long history, but I can go back at least 10 years to just give you the flavor of what has happened.

Mr. ROGERS. No, I just want you to tell me, who told you to do this is all I want to know.

Ms. CARSON. No one told us to do it.

Mr. ROGERS. Well, why are you doing it? I can't imagine how you would value, objectively value the idea that somebody invented the cotton gin that makes—I don't know how you value something like that. I think that is an analogy of perhaps what you are trying to do. But I just don't see how in the dickens you can do it and why in the first place would you want to do it? Who would benefit from it?

Ms. CARSON. Let me start with the how. What we would start with is renewable resources, meaning the resources that are mainly the mineral resources.

Mr. ROGERS. Well, let's take coal, for example. That would be measured, right?

Ms. CARSON. Yes.

Mr. ROGERS. So what would you do with coal?

Ms. CARSON. For coal we have several measures. We have the measure of the using up of coal each year, the measure of additions to the reserves of coal, and the measures of changes in prices of the coal reserves that exist. We also have measures of the stock of coal reserves. To each of those we apply a valuation, in fact several valuations, to show the range of estimates so that you can see what the range says. All of those are tied to market values. The same basis as the GDP accounts.

What do you get when you get through with this? You get a view of over time what has happened to coal as it is used in production and as it is consumed by households, government, and other users. You put that together with all of the other resources and you begin to see what is happening to our stock of reserves as the economy uses them in various different ways.

Mr. LONDON. Mr. Rogers, if I could, you know, there have been a lot of these sorts of studies, work done in some developing countries, for instance in Southeast Asia where you cut off hardwood forests and the cutting off of the hardwood forests shows up as an increase in the GDP, but when you don't have any forests left, you have depleted them down to zero, you have a real problem. So it gives you a way of looking at this sort of continuous development, a sustainable development approach as opposed to where you just cut off the forests and use up the resources very quickly. That is the way I have seen it, you know, before I came into the government; that was the sort of connection that we made with this approach to GDP.

Mr. ROGERS. Well, as I understand it, there is actually three phases to this project.

Ms. CARSON. Yes, sir.

Mr. ROGERS. Phase II, you are requesting $1.5 million in next year's budget to conduct Phase II. I understand you have already conducted most of Phase I using 1992 monies. Now, what was Phase I; and what is Phase II and what is Phase III?

Ms. CARSON. Phase I, we will complete in a couple of weeks and present in our monthly *Survey of Current Business*. It will do two things: It will lay out the overall economic accounting framework, with balance sheets and production-related measures for resources. For nonrenewable resources, we will present estimates.

Phase II goes on to apply the same framework to the renewable resources: The fish, the forests. Conceptually, those are more difficult, and as well, the source data are much more difficult to find.

Phase III is when we move to work with resources such as air and water where we will be looking at the changes in the quality of air and water and looking at those in terms of, for example, the expenditures that are made to hold a given quality of air or water.

Mr. ROGERS. Isn't that what the EPA does?

Ms. CARSON. We will use EPA source data on the quality in terms of the pollutants in the air or water. We have EPA and other sources of data to help identify the expenditures that are made that in essence deal with the change in the quality.

Mr. ROGERS. So you will be attempting to measure environmental quality?

Ms. CARSON. Attempting to measure changes in environmental quality.

Mr. ROGERS. And how do you do that? How do you measure it and then are you going to try to put an economic value on it?

Ms. CARSON. We will value it in terms of the expenditures that are made to maintain a given quality.

Mr. ROGERS. Now, was this green GDP included in your 1994 budget request last year?

Ms. CARSON. Yes.

Mr. ROGERS. It was?

Ms. CARSON. I believe so, in a small amount.

Mr. ROGERS. And you have used that money up in Phase I?

Ms. CARSON. Yes.

Mr. ROGERS. Now, should this funding not be forthcoming, how would you get along?

Ms. CARSON. If there were not funding, we would have to bring the project to a halt.

Mr. ROGERS. That is all.

Mr. MOLLOHAN. Mr. Moran?

Mr. MORAN. Thank you.

First of all, does it seem warm in here to anybody else?

Mr. ROGERS. I think it is just you, Mr. Moran.

ECONOMIC AND STATISTICAL ANALYSIS PRODUCTS

Mr. MORAN. Okay. Let me try another question. You know, if you were to ask anybody what part of the government best exemplifies people's frustration that they don't know what it does, they might well point to the Commerce Department, and within the Commerce Department they might point to this particular division, Economics and Statistical Analysis. They know what the Bureau of Census does, but for the life of me, I don't see much of the product that comes from all of the work that you do, and I don't know what impact it has on our economy or our society. Can you just explain in sort of layman's language, layperson's language what it does?

Mr. LONDON. I was out in Kansas City the other day, and I tried to answer this question. I said, you know, when you see in the newspaper that the Commerce Department or the government announced changes in the GDP or increases in retail sales or foreign investment, that is information that comes from this part of the Commerce Department.

Mr. MORAN. All right. So the GDP number comes from you, that is where that comes from, and the composition of it comes from you. CPI comes from you?

Mr. LONDON. No. That comes from Bureau of Labor Statistics.

Mr. MORAN. Bureau of Labor. What are some other statistics that I might see that come from you? For example, of the statistics that Business Week uses every week, are they yours?

Mr. LONDON. I think some very high percentage of them, I believe something like 70 or 80 percent come from—most of the data comes from the Census, and a lot of the structuring of that data into retail sales, investment, those kinds of numbers that you would see in Business Week come from us.

Mr. MORAN. So retail sales figures come from you?

Mr. LONDON. Yes.

Mr. MORAN. Wholesale price?

Mr. LONDON. Not prices.

Mr. MORAN. Where does that come from?

Mr. LONDON. That comes from Labor.

Mr. MORAN. How about the service sector? Do you make an estimate of service sector activity?

Mr. LONDON. Yes, we do. You know, it is one of the really important things that we need to strengthen as the economy moves in this direction. We are up to 60 percent, we have—a lot of the economy is now in the services; the fastest growing sector, as everyone knows; a big piece of our foreign trade. And we are not able to measure a whole lot of things in the service area that are important.

Productivity improvements, changes in the kinds of quality that Carol was mentioning, and when you don't get those quality changes, you don't really correctly get your inflation numbers. So it has an impact on the pricing numbers that come from the Bureau of Labor Statistics.

I think there are a lot of very important improvements that need to be made, especially in the service area that you mention. And I think it is one of the things that we need to get on top of.

Mr. MORAN. International trade numbers, do they come from you?

Mr. LONDON. Yes.

Mr. MORAN. Now, if I were the President and I asked for your best analysis of where the country is going over the next 6 months, 2 years, 5 years, 10 years, whatever, you have trends analysis? You do trends analysis? What would you do? If you were asked, what would you bring out?

Mr. LONDON. Well, I suspect that what would happen if the President were asking that question is that he would go to the Council of Economic Advisors and they would come to us for a lot of the data, a lot of the underlying support, and we might well write significant sections of the paper.

Mr. MORAN. But you would have maybe five minutes to present your information, or at least they certainly would, so they have to figure out and encapsulate what you would be telling them. Do you have charts? Do you have any trends analysis that can be readily understood?

Mr. LONDON. I don't know whether we specifically have them right now. I know that we generate such charts on occasion, for example, when we are doing a discussion of developing trade in Southeast Asia. We develop charts in a week or so or a certain amount of time and make that kind of a presentation. So we do have that capability.

Mr. MORAN. Okay. I would like to see your best, most easily understood information on where—on what factors would indicate where the U.S. economy is likely to go over the short and intermediate period.

Just to understand what you do, really. I mean it would be useful information, but it seems to me that that must be the purpose for the existence of the division, and if it is, I would like to see what the product is.

Mr. LONDON. We will do that.

Mr. MORAN. Okay. Thank you.

[The information follows:]

ECONOMIC AND STATISTICAL ANALYSIS APPROPRIATION

The Economic and Statistical Analysis appropriation provides funding for:

(1) the Bureau of Economic Analysis (BEA), and

(2) the headquarters operations for the entire Economics and Statistics Administration (ESA) -- this set of activities is identified as "Policy Support" in the budget submission covering the Economic and Statistical Analysis appropriation.

As a rough rule of thumb, about 90 percent of the funds provided by the Economic and Statistical Analysis appropriation go to BEA, with the remainder to ESA's headquarters operations.

Summarized below are the principal activities and products of BEA and the headquarters operations of ESA.

Bureau of Economic Analysis (BEA)
Principal Activities and Products

BEA is a research-oriented statistical agency that prepares, develops, interprets, and publishes the U.S. economic accounts. BEA is, in a sense, the nation's bookkeeper: BEA integrates large volumes of monthly, quarterly, and annual economic data--ranging from construction spending to retail sales--produced by other government agencies and trade sources to produce a complete and consistent picture of the national economy and its international and regional dimensions. BEA's economic accounts data include:

- National Income and Product Accounts (NIPA's). --Although the NIPA's are really an entire system of accounts, they are best known by the summary measure, gross domestic product, or GDP, which is a measure of the economy's total output of goods and services. The entire system of accounts not only details the relationship between income and product, but traces the principal economic flows among the major sectors of the economy. The NIPA's are among society's essential statistics and are the mainstay of macroeconomic analysis. Their place as analytical tools is evidenced by the fact that Simon Kuznets of the United States was awarded the Nobel Prize for his work in developing the first official estimates of GDP for the U.S. Department of Commerce and Richard Stone of the United Kingdom was awarded the Nobel Prize for his work in developing the accounting framework.

- Balance of Payments Accounts. -- Like the NIPA's, the balance of payments are a system of accounts, but they are best known by their summary measures, the current account balance and the trade balance. The entire system of accounts provides information on international transactions in goods, services, investment income, government aid, and the financial flows that finance these transactions. The system also provides integrated balance sheet information on the U.S. international investment position. The balance of payments are critical statistical tools for international economic policy and their reporting to the International Monetary Fund was mandated by the Bretton Woods Agreement, which created the IMF and the post-war international economic system.

- Regional Economic Accounts. -- BEA's regional accounts provide data on gross state product and of total and per capita personal income by region, State, metropolitan area, and county. These accounts, which are tied to the NIPA's, provide consistent data that are used by state revenue offices, by Federal agencies in allocation formulae for over $90 billion in Federal funds annually, and by private industry for market analysis and plant location studies.

- Other Accounts and Data. -- In addition to the main economic accounts, BEA produces the following statistics:

  - Input-Output Accounts.-- These accounts detail the interaction, or dependencies, of detailed industries. They allow users to trace through the effect of changes in resources costs, or changes in final demand, on specific industries, on the users of these industries products, and on suppliers of labor and other products to these industries. Such accounts, which are now used throughout the world, were the contribution for which Wassily Leontief of the United States was awarded a Nobel Prize.

  - Wealth Accounts. -- BEA produces estimates of reproducible tangible wealth: nonresidential structures and equipment, residential structures, consumer durable goods, and inventories. These accounts detail the U.S. capital stock by type of stock, by industry, and by legal form of ownership.

  - U.S. Direct Investment Abroad and Foreign Direct Investment in the United States. -- BEA has the most detailed data set on the operations of foreign-owned companies among the major industrialized nations of the world. BEA collects and publishes extensive data on the operations of foreign-owned companies in the United States and U.S. owned companies abroad.

  - Business Cycle Indicators. -- BEA maintains a system of composite indicators to track the business cycle. The best known of these indicators is the "leading index," often referred to by the media as the "Government's major forecasting tool."

For the above accounts and statistical series, BEA provides information on either a monthly, quarterly, or annual basis. Below are listed BEA's major releases, which are widely reported to the public by the media.

- **Gross Domestic Product (GDP)**, issued on a quarterly basis,
- **Personal Income and Outlays**, issued on a monthly basis,
- **Index of Leading Economic Indicators**, issued on a monthly basis,
- **U.S. Balance of Payments**, issued on a quarterly basis
- **U.S. International Trade in Goods and Services**, issued jointly with the Census Bureau on a monthly basis,
- **U.S. International Investment Position**, often referred to as the U.S. debtor position, issued on an annual basis,
- **U.S. Direct Investment Abroad**, issued on an annual basis,
- **Foreign Direct Investment in the United States**, issued on an annual basis, and
- **State Personal Income**, issued on a quarterly basis, and State Per Capita Personal Income, issued on an annual basis.

These statistics and many more, accompanied by analytical articles, are published in BEA's monthly Survey of Current Business. The economic statistics are also disseminated in a variety of electronic formats, including ESA's economic bulletin board, diskettes, and Compact Discs. All of these formats are listed in User's Guide to BEA Information, which is updated annually.

To illustrate how BEA's economic statistics initially reach the public, we present below a copy of the latest GDP press release.

[Copy of 4th quarter advance GDP press release]

ESA Headquarters Operations
Principal Activities and Products

The headquarters operations of ESA are composed of the immediate office of the Under Secretary and several support offices that monitor economic developments, provide analytical input into the economic policy-making process, package and disseminate a wide range of business and economic data in electronic formats, and provide administrative oversight of ESA's activities.

The headquarters operations directly support the Secretary of Commerce in meeting his many responsibilities. The Under Secretary and his staff work with the National Economic Council (NEC), the Council of Economic Advisers (CEA), and other Executive Branch agencies across a wide range of policy development projects. Drawing upon the statistics produced by the Bureau of the Census and the Bureau of Economic Analysis, ESA frequently carries out the analyses that underpin the policy development projects. In the last year, ESA also provided analyses that were used in the debate over NAFTA legislation and in the deliberations of the G-7 labor conference.

ESA supports the Secretary's participation as a member of the Board of the Pension Benefit Guaranty Corporation (PBGC). ESA also supports Departmental participation in such multilateral organizations as the ILO, OECD, and APEC.

In response to a requirement of the Foreign Direct Investment and International Financial Data Improvements Act of 1990, one component of ESA's headquarters publishes the Secretary's Report on Foreign Direct Investment in the United States.

For a decade, ESA's headquarters operations have been pioneers in the electronic dissemination of economic and business information, creating the following services and products:

- the Economic Bulletin Board (EBB) -- a personal computer based electronic bulletin board carrying the latest statistical releases from many government agencies to close to 4000 customers worldwide.
- EBB FAX -- the facsimile version of the EBB.
- the National Trade Data Bank (NTDB) -- a collection of international trade, international economic, and export promotion data and information from many different government sources issued monthly on CD-ROM.
- the National Economic, Social, and Environmental Data Bank (NESE.DB) -- the domestic counterpart of the NTDB containing a great array of data relating to economic growth, criminal justice, health, education, and the environment that is issued quarterly on CD-ROM.

Having developed sophisticated skills in the electronic dissemination of information and in networking, this component of ESA's headquarters operations has also established and run electronic bulletin boards to assist in the relief efforts after Hurricane Andrew and last year's mid-West floods and is presently, in collaboration with the Department's Economic Development Administration, managing an electronic bulletin board that provides information to assist defense conversion efforts.

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

ECONOMICS AND STATISTICS ADMINISTRATION
Bureau of Economic Analysis

FOR WIRE TRANSMISSION: 8:30 A.M. EST, FRIDAY, JANUARY 28, 1994

Virginia H. Mannering: (202) 606-5304
Recorded message: 606-5306

BEA 94-02

GROSS DOMESTIC PRODUCT: FOURTH QUARTER 1993 (ADVANCE)

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 5.9 percent, or $73.8 billion, in the fourth quarter of 1993, according to advance estimates released by the Commerce Department's Bureau of Economic Analysis. In the third quarter, real GDP increased 2.9 percent, or $36.2 billion.

The fixed-weighted price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 2.1 percent in the fourth quarter, compared with an increase of 1.8 percent in the third.

The Bureau emphasized that the fourth-quarter estimates are based on preliminary and incomplete source data. Information on the assumptions used for missing source data is available on request. Revised estimates based on more comprehensive data will be issued March 1.

Real personal consumption expenditures increased $34.3 billion in the fourth quarter, compared with an increase of $36.9 billion in the third. Durable goods purchases increased $16.8 billion, compared with an increase of $8.9 billion. Nondurable goods purchases increased $7.1 billion, compared with an increase of $9.9 billion. Services expenditures increased $10.4 billion, compared with an increase of $18.1 billion.

NOTE.--Quarterly estimates are expressed, unless otherwise specified, at seasonally adjusted annual rates. Quarter-to-quarter dollar changes are differences between these rates; quarter-to-quarter percent changes are annualized. "Real," or constant-dollar, estimates are in 1987 dollars.

- more -

Real nonresidential fixed investment increased $29.0 billion in the fourth quarter, compared with an increase of $10.5 billion in the third. Nonresidential structures increased $3.9 billion, compared with an increase of $0.1 billion. Producers' durable equipment purchases increased $25.1 billion, compared with an increase of $10.4 billion. Real residential fixed investment increased $15.1 billion, compared with an increase of $5.9 billion.

Real net exports of goods and services decreased $9.3 billion in the fourth quarter, compared with a decrease of $11.1 billion in the third. Exports increased $20.6 billion, in contrast to a decrease of $1.3 billion. Imports increased $29.9 billion, compared with an increase of $9.8 billion.

Real federal government purchases decreased $3.9 billion in the fourth quarter, compared with a decrease of $5.7 billion in the third. National defense purchases decreased $1.9 billion, compared with a decrease of $5.3 billion. Nondefense purchases decreased $2.1 billion, in contrast to an increase of $0.7 billion. Real state and local government purchases increased $2.4 billion, compared with an increase of $6.4 billion.

Real final sales of domestic product, the sum of the above expenditure components, increased 5.4 percent, or $67.6 billion, in the fourth quarter, compared with an increase of 3.4 percent, or $42.7 billion, in the third.

The real change in business inventories added $6.2 billion to the fourth-quarter change in real GDP, after subtracting $6.5 billion from the third-quarter change. Businesses increased inventories $12.7 billion in the fourth quarter, following increases of $6.5 billion in the third quarter and $13.0 billion in the second. Nonfarm businesses increased inventories $19.4 billion in the fourth quarter, following increases of $19.4 billion in the third quarter and $17.1 billion in the second. Farm businesses reduced inventories $6.7 billion in the fourth quarter, following decreases of $12.9 billion in the third quarter and $4.1 billion in the second. Farm inventories in both the third and fourth quarters were affected by the Midwest floods and Southeast drought (see box on page 3).

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 6.5 percent, or $83.1 billion, in the fourth quarter, compared with an increase of 3.7 percent, or $47.2 billion, in the third.

Disposition of personal income

Current-dollar personal income increased $97.1 billion in the fourth quarter, compared with an increase of $39.5 billion in the third. Adjustments for the Midwest floods and Southeast drought reduced personal income by about $12 billion in the third quarter and about $3 billion in the fourth (see box on page 3). Personal tax and nontax payments increased $10.1 billion, compared with an increase of $8.0 billion.

Disposable personal income increased $87.0 billion in the fourth quarter, compared with an increase of $31.5 billion in the third. Real disposable personal income increased 5.2 percent, or $47.7 billion, compared with an increase of 1.6 percent, or $14.3 billion.

- more -

Personal outlays increased $71.5 billion in the fourth quarter, compared with an increase of $60.4 billion in the third. Personal saving increased $15.5 billion, in contrast to a decrease of $29.0 billion. The saving rate -- saving as a percentage of disposable personal income -- increased from 3.8 percent in the third quarter to 4.1 percent in the fourth.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 7.4 percent, or $114.9 billion, in the fourth quarter. In the third quarter, current-dollar GDP increased 4.4 percent, or $68.3 billion.

Effects of Midwest Floods and Southeast Drought

GDP estimates for the third and fourth quarters of 1993 reflect the effects of the floods in the Midwest and the drought in the Southeast. For the most part, the effects are embedded in the source data; where they are not, BEA prepares adjustments to account for the effects. Farm output was reduced by $7.5 billion (1987 dollars, annual rate) in the third quarter and by $2.5 billion in the fourth to account for lower crop production. These reductions were reflected in the change in farm inventories. Their effect was to reduce the third-quarter GDP growth rate by about 0.6 percentage point (annual rate) and, because the adjustment was less in the fourth quarter than in the third, to raise the fourth-quarter growth rate by about 0.4 percentage point. Adjustments for the Midwest floods and Southeast drought reduced personal income by about $12 billion in the third quarter and about $3 billion in the fourth.

1993 GDP

Real GDP increased 2.9 percent, or $146.4 billion in 1993 (that is, from 1992 to 1993), compared with an increase of 2.6 percent, or $124.9 billion, in 1992. In 1993, personal consumption expenditures increased $110.7 billion; nonresidential fixed investment, $62.1 billion; residential fixed investment, $17.1 billion; inventory investment, $8.9 billion; and state and local government purchases, $11.2 billion. Net exports decreased $45.7 billion (exports increased $18.4 billion and imports increased $64.1 billion); and federal government purchases decreased $17.9 billion.

The fixed-weighted price index for gross domestic purchases increased 2.9 percent in 1993. The index increased 3.3 percent in 1992.

Current-dollar GDP increased 5.6 percent, or $335.5 billion, in 1993. In 1992, current-dollar GDP increased 5.5 percent, or $315.6 billion.

During 1993 (that is, from the fourth quarter of 1992 to the fourth quarter of 1993), real GDP increased 2.8 percent. Real GDP increased 3.9 percent during 1992. The fixed-weighted price index for gross domestic purchases increased 2.5 percent during 1993, compared with an increase of 3.3 percent during 1992.

- more -

BEA estimates are available in several forms besides the printed news releases.

News releases are available electronically at the time of public release through the Commerce Department's Economic Bulletin Board (EBB). First time users may access the EBB with their personal computer and modem by dialing (202) 482-3870 and following instructions. The user's cost is an annual fee of $45 and per minute connect charges, which vary by time of day; users will be billed by the Department of Commerce. (The EBB is also available through Internet.) In addition, news releases are available by FAX through the EBB. To access the EBB FAX service, users should dial (900) 786-2329 from their facsimile machine's touch-tone telephone and follow the instructions. The user's cost is $0.65 per minute; charges for the service appear on the user's regular telephone bill. The EBB and EBB FAX are available 24 hours a day, 7 days a week. For more information on these services, call (202) 482-1986.

Summary estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5361	Leading indicators
5306	Gross domestic product
5303	Personal income and outlays
5362	The more recently released of the following series: Merchandise trade, balance of payments basis, or Summary of international transactions

Most of BEA's estimates and analyses appear in the *Survey of Current Business*, BEA's monthly journal. The *Survey of Current Business* is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. First class mail: Annual subscription $89.00 domestic. Second class mail: annual subscription $43.00 domestic, $53.75 foreign; single issue $11.00 domestic, $13.75 foreign.

* * *

Next release -- March 1, 1994, at 8:30 A.M. EST for:
Gross Domestic Product: Fourth Quarter 1993 (Preliminary)

Measures of Revision

Quarterly estimates of GDP are released on the following schedule: Advance estimates, based on preliminary and incomplete source data and BEA assumptions about the missing source data, are released in the first month after the end of the quarter; as additional and revised data become available, preliminary and final estimates are released in the second and third months, respectively.

Additional revisions are carried out in each of the following 3 years, usually in July, and in comprehensive (benchmark) revisions, usually every 5 years. The latest estimates, which reflect the results of these revisions, are based on new and revised source data and also reflect updated seasonal factors, improved estimating procedures, shifts in base period, and definitional or classificational changes.

The table below provides summary measures of the amount of revision in past years in quarterly percent changes in current-dollar GDP and real GDP. These measures can be used to assess the likely size of future revisions. For example, two-thirds of the revisions between the quarterly change in the advance estimate of real GDP and that in the final estimate were within a range of -0.6 to +0.9 percentage point. Thus, based on past experience, it is likely that the fourth-quarter change in real GDP now estimated at 5.9 percent at an annual rate, will not be revised below 5.3 percent or above 6.8 percent in the next two releases.

Revision in Quarter-to-Quarter Percent Changes at Annual Rate

Quarterly estimates compared	Average without regard to sign	Range	
		Two-thirds of Revisions	Nine-tenths of Revisions
	Current-dollar GDP		
Advance to final.......	0.8	-0.7 to 1.0	-1.6 to 1.6
Preliminary to final...	.4	- .4 to .4	- .7 to .8
Advance to latest......	1.4	-1.1 to 1.4	-2.1 to 3.1
Preliminary to latest..	1.4	-1.5 to 1.6	-2.3 to 2.5
Final to latest........	1.4	-1.6 to 1.6	-2.2 to 2.4
	Real (constant-dollar) GDP		
Advance to final.......	0.6	-0.6 to 0.9	-1.1 to 1.6
Preliminary to final...	.4	- .4 to .5	- .6 to .7
Advance to latest......	1.3	-1.5 to 1.8	-2.6 to 2.9
Preliminary to latest..	1.4	-1.7 to 1.6	-2.2 to 2.5
Final to latest........	1.5	-1.8 to 1.6	-2.8 to 2.3

NOTE.--Beginning this month, these measures have been updated to reflect the period from 1979 through 1990.

- more -

Table 1.--Real Gross Domestic Product and Prices: Change From Preceding Period

				Seasonally adjusted at annual rates				
	1991	1992	1993	IV 92	I 93	II 93	III 93	IV 93
				Billions of 1987 dollars				
Real gross domestic product (GDP)	-35.9	124.9	146.4	70.1	9.9	23.9	36.2	73.8
Personal consumption expenditures	-14.0	83.2	110.7	46.3	6.6	28.9	36.9	34.3
Durable goods	-16.5	30.0	33.1	14.4	-1.5	12.3	8.9	16.8
Nondurable goods	-12.5	14.7	25.2	18.9	-5.8	7.1	9.9	7.1
Services	15.0	38.5	52.4	13.0	13.9	9.5	18.1	10.4
Nonresidential fixed investment	-32.0	14.7	62.1	9.9	18.6	22.0	10.5	29.0
Structures	-19.3	-9.6	0.8	-0.8	0.2	2.9	0.1	3.9
Producers' durable equipment	-12.7	24.3	61.3	10.6	18.4	19.1	10.4	25.1
Residential fixed investment	-25.0	27.6	17.1	14.4	0.8	-5.2	5.9	15.1
Change in business inventories (CBI)	-14.1	14.9	8.9	-0.9	20.6	-16.3	-6.5	6.2
Nonfarm	-11.8	11.3	18.6	1.7	21.8	-12.2	2.3	0.0
Farm	-2.3	3.6	-9.7	-2.6	-1.2	-4.1	-8.8	6.2
Net exports of goods and services	35.6	-14.5	-45.7	3.7	-21.1	-15.3	-11.1	-9.3
Exports	32.9	34.6	18.4	12.3	-3.6	5.2	-1.3	20.6
Imports	-2.6	49.1	64.1	8.5	17.6	20.5	9.8	29.9
Government purchases	13.7	-1.1	-6.6	-3.3	-15.6	9.8	0.6	-1.6
Federal	2.4	-13.5	-17.9	-3.3	-16.1	1.8	-5.7	-3.9
National defense	-2.3	-20.1	-18.5	-3.1	-15.3	0.4	-6.3	-1.9
Nondefense	4.9	6.5	0.7	-0.1	-0.9	1.5	0.7	-2.1
State and local	11.2	12.5	11.2	0.0	0.5	7.9	6.4	2.4
				Percent				
Real GDP	-0.7	2.6	2.9	5.7	0.8	1.9	2.9	5.9
Personal consumption expenditures	-0.4	2.6	3.3	5.6	0.8	3.4	4.4	4.0
Durable goods	-3.7	7.0	7.2	13.2	-1.3	10.8	7.6	14.3
Nondurable goods	-1.2	1.4	2.4	7.3	-2.1	2.7	3.7	2.6
Services	0.8	2.2	2.9	2.9	3.1	2.1	3.9	2.2
Nonresidential fixed investment	-5.9	2.9	11.7	7.6	14.4	16.6	7.4	21.0
Structures	-10.8	-6.0	0.5	-2.1	0.5	8.1	0.3	10.7
Producers' durable equipment	-3.5	6.9	16.2	11.5	19.9	19.8	10.0	24.6
Residential fixed investment	-12.9	16.3	8.7	32.8	1.5	-9.5	11.9	31.7
Exports of goods and services	6.4	6.4	3.2	8.8	-2.4	3.6	-0.9	14.7
Imports of goods and services	-0.5	8.7	10.5	5.6	11.6	13.3	6.0	18.8
Government purchases	1.5	-0.1	-0.7	-1.4	-6.4	4.3	0.3	-0.7
Federal	0.6	-3.5	-4.8	-3.5	-16.2	2.0	-6.2	-4.3
National defense	-0.8	-7.1	-7.1	-4.6	-21.4	0.7	-9.8	-3.1
Nondefense	4.9	6.2	0.6	-0.4	-3.2	5.5	2.5	-7.2
State and local	2.0	2.2	2.0	0.0	0.3	5.6	4.5	1.6
GDP price index (fixed weights)	4.1	3.3	3.1	3.1	4.3	2.8	2.1	2.2
Less: Exports of goods and services	2.2	1.2	1.5	1.4	1.5	2.8	0.6	1.0
Plus: Imports of goods and services	1.3	1.2	-0.2	-1.3	-4.7	3.8	-2.7	0.3
Equals: Gross domestic purchases	3.9	3.3	2.9	2.8	3.5	2.9	1.8	2.1
Personal consumption expenditures	4.5	3.7	3.0	3.1	3.4	2.9	1.4	2.7
Durable goods	2.6	2.2	2.0	1.1	1.8	3.3	2.0	2.6
Nondurable goods	3.7	2.1	1.6	1.3	3.5	0.5	-1.6	2.2
Services	5.5	5.0	4.0	4.6	3.7	4.3	2.9	3.1
Nonresidential fixed investment	1.7	1.1	1.7	0.8	1.6	2.5	1.9	1.3
Structures	1.4	0.6	2.8	2.7	2.5	3.8	3.4	3.3
Producers' durable equipment	1.9	1.3	1.1	-0.2	1.2	1.8	1.0	0.1
Residential fixed investment	1.1	1.3	3.8	3.7	3.5	5.0	4.6	2.8
Government purchases	3.6	3.4	3.0	2.6	5.0	2.6	2.5	0.1
Federal	4.2	4.5	3.5	2.1	7.5	2.3	3.3	-0.6
National defense	3.9	4.9	3.9	2.1	8.1	3.0	3.5	-0.5
Nondefense	5.2	3.1	2.3	1.9	5.7	0.0	2.9	-0.7
State and local	3.2	2.5	2.6	2.9	3.0	2.9	1.8	0.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Table 2.--Real Gross Domestic Product and Related Measures: Level and Percent Change from Preceding Period

	1991	1992	1993	Seasonally adjusted at annual rates				
				IV 92	I 93	II 93	III 93	IV 93
	Level (billions of 1987 dollars)							
Gross domestic product (GDP)	4,861.4	4,986.3	5,132.7	5,068.3	5,078.2	5,102.1	5,138.3	5,212.1
Less: Exports of goods and services	543.4	578.0	596.4	591.6	588.0	593.2	591.9	612.5
Plus: Imports of goods and services	562.5	611.6	675.7	630.3	647.9	668.4	678.2	708.1
Equals: Gross domestic purchases	4,880.5	5,019.9	5,211.9	5,107.1	5,138.1	5,177.4	5,224.6	5,307.7
Personal consumption expenditures	3,258.6	3,341.8	3,452.5	3,397.2	3,403.8	3,432.7	3,469.6	3,503.9
Gross private domestic investment	675.7	732.9	820.9	763.0	803.0	803.6	813.4	863.6
Government purchases	946.3	945.2	938.6	946.9	931.3	941.1	941.7	940.1
Less: Change in business inventories (CBI)	-8.4	6.5	15.4	8.7	29.3	13.0	6.5	12.7
Equals: Final sales to domestic purchasers	4,888.9	5,013.4	5,196.6	5,098.4	5,108.8	5,164.3	5,218.1	5,295.0
Addenda:								
Final sales of domestic product (GDP less CBI)	4,869.8	4,979.8	5,117.3	5,059.6	5,048.9	5,089.1	5,131.8	5,199.4
Gross national product (GNP) 1/	4,874.5	4,994.0	.....	5,068.4	5,080.7	5,104.1	5,145.8	.....
Current-dollar measures:								
GDP	5,722.9	6,038.5	6,374.0	6,194.4	6,261.6	6,327.6	6,395.9	6,510.8
Final sales of domestic product	5,731.6	6,031.2	6,357.2	6,182.5	6,227.1	6,314.5	6,388.2	6,499.0
Gross domestic purchases	5,742.5	6,068.2	6,439.7	6,233.2	6,309.9	6,392.7	6,467.8	6,588.5
Final sales to domestic purchasers	5,751.2	6,060.8	6,422.9	6,221.2	6,275.4	6,379.5	6,460.1	6,576.7
GNP	5,737.1	6,045.8	.....	6,191.9	6,262.1	6,327.1	6,402.3	.....
	Percent change from preceding period (percent)							
Constant-dollar measures:								
GDP	-0.7	2.6	2.9	5.7	0.8	1.9	2.9	5.9
Final sales of domestic product	-0.4	2.5	2.8	5.8	-0.8	3.2	3.4	5.4
Gross domestic purchases	-1.4	2.9	3.8	5.4	2.5	3.1	3.7	6.5
Final sales to domestic purchasers	-1.2	2.5	3.7	5.5	0.8	4.4	4.2	6.0
GNP	-0.9	2.5	.....	5.0	1.0	1.9	3.3	.....
Current-dollar measures:								
GDP	3.2	5.5	5.6	9.2	4.4	4.3	4.4	7.4
Final sales of domestic product	3.5	5.2	5.4	9.1	2.9	5.7	4.8	7.1
Gross domestic purchases	2.2	5.7	6.1	9.1	5.0	5.4	4.8	7.7
Final sales to domestic purchasers	2.5	5.4	6.0	9.0	3.5	6.8	5.2	7.4
GNP	3.0	5.4	.....	8.5	4.6	4.2	4.8	.....
Price indexes (fixed weights):								
GDP	4.1	3.3	3.1	3.1	4.3	2.8	2.1	2.2
Final sales of domestic product	4.1	3.3	3.1	3.2	4.3	2.8	2.1	2.2
Gross domestic purchases	3.9	3.3	2.9	2.8	3.5	2.9	1.8	2.1
Final sales to domestic purchasers	3.9	3.3	2.9	2.8	3.5	2.9	1.8	2.1
GNP	4.1	3.3	.....	3.1	4.3	2.8	2.1	.....

1. GDP plus net receipts of factor income from the rest of the world.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Table 3.--Gross Domestic Product, Disposition of Personal Income, and Prices

			Seasonally adjusted at annual rates						Seasonally adjusted at annual rates			
	1992	1993	IV 92	II 93	III 93	IV 93	1992	1993	IV 92	II 93	III 93	IV 93
	Billions of current dollars						Billions of 1987 dollars					
Gross domestic product	6038.5	6374.0	6194.4	6327.6	6395.9	6510.8	4986.3	5132.7	5068.3	5102.1	5138.3	5212.1
Personal consumption expenditures	4139.9	4390.6	4256.2	4359.9	4419.1	4487.4	3341.8	3452.5	3397.2	3432.7	3469.6	3503.9
Durable goods	497.3	537.7	516.6	531.6	541.9	561.9	456.6	489.7	473.4	484.2	493.1	509.9
Motor vehicles and parts	204.3	222.4	213.7	220.8	221.7	235.4	182.3	191.7	188.6	191.3	189.9	199.9
Furniture and household equipment	194.5	211.7	202.7	208.6	214.0	220.9	194.8	216.3	204.2	212.4	219.4	227.0
Other	98.5	103.6	100.2	102.2	106.2	105.6	79.5	81.7	80.6	80.6	83.7	83.0
Nondurable goods	1300.9	1350.2	1331.7	1344.8	1352.4	1368.4	1062.9	1088.1	1081.8	1083.1	1093.0	1100.1
Food	633.7	658.3	647.6	654.1	660.0	671.1	520.5	531.2	529.3	528.6	532.6	536.9
Clothing and shoes	228.2	237.1	236.1	235.2	238.2	241.9	193.7	199.2	200.0	197.8	200.6	203.7
Gasoline and oil	103.4	103.6	105.2	103.6	102.4	102.5	83.9	84.9	84.4	84.1	86.2	85.3
Fuel oil and coal	13.8	15.1	13.9	14.9	15.4	15.0	11.9	13.0	11.9	12.6	13.2	13.2
Other	321.8	336.1	328.9	337.2	336.4	337.8	252.9	259.8	256.2	259.9	260.4	261.1
Services	2341.6	2502.7	2407.9	2483.4	2524.8	2557.2	1822.3	1874.7	1842.0	1865.4	1883.5	1893.9
Housing	600.0	627.7	609.2	625.1	631.1	636.9	484.2	492.0	486.7	490.7	493.3	495.0
Household operation	234.4	251.0	245.0	246.7	255.2	256.3	211.7	218.7	216.6	215.6	220.8	220.8
Electricity and gas	105.8	113.2	111.0	109.8	116.4	115.6	95.3	99.0	98.5	96.2	100.6	100.1
Other household operation	128.7	137.7	134.0	136.9	138.7	140.7	116.4	119.8	118.1	119.4	120.2	120.7
Transportation	155.4	170.2	162.4	169.1	170.9	174.4	122.7	126.3	123.7	126.1	126.5	128.3
Medical care	628.4	680.6	646.9	675.4	686.9	698.0	449.2	463.2	453.2	461.1	465.1	468.6
Other	723.5	773.3	744.3	767.1	780.7	791.6	554.4	574.5	561.7	571.8	577.9	581.4
Gross private domestic investment	796.5	892.0	833.3	874.1	884.0	935.8	732.9	820.9	763.0	803.6	813.4	863.6
Fixed investment	789.1	875.2	821.3	861.0	876.3	924.1	726.4	805.5	754.3	790.6	806.9	851.0
Nonresidential	565.5	622.9	579.5	619.1	624.9	653.0	529.2	591.3	543.7	584.3	594.8	623.8
Structures	172.6	178.6	171.1	177.6	179.1	185.2	150.6	151.4	148.0	151.1	151.2	155.1
Nonresidential buildings, including farm	114.6	119.3	111.9	117.1	119.6	125.5	100.8	101.7	97.5	100.5	101.5	105.6
Utilities	35.8	36.4	36.9	36.6	36.6	37.2	30.9	30.4	31.6	30.6	30.5	30.7
Mining exploration, shafts, and wells	12.4	13.8	12.6	14.0	14.4	13.9	10.0	11.2	10.3	11.4	11.7	11.3
Other structures	9.8	9.2	9.7	9.8	8.6	8.6	8.9	8.1	8.6	8.7	7.5	7.5
Producers' durable equipment	392.9	444.4	408.3	441.6	445.8	467.8	378.6	439.9	395.7	433.2	443.6	468.7
Information processing and related equipment	135.5	152.3	139.7	147.0	154.6	164.8	159.9	195.7	168.5	186.8	200.9	216.4
Industrial equipment	87.2	97.9	91.2	95.9	98.7	104.4	72.7	80.2	75.7	78.8	80.5	85.0
Transportation and related equipment	90.7	104.4	96.1	110.1	101.9	104.1	77.7	87.9	82.1	92.8	85.7	87.7
Other	79.5	89.9	81.3	88.5	90.6	94.4	68.3	76.1	69.4	74.9	76.5	79.6
Residential	223.6	252.3	241.8	241.9	251.3	271.1	197.1	214.2	210.6	206.2	212.1	227.2
Structures	216.3	244.5	234.3	234.2	243.4	263.0	190.1	206.8	203.3	198.9	204.6	219.5
Single family structures	116.5	133.8	124.3	127.5	131.1	144.3	102.7	113.1	107.9	108.7	110.0	119.7
Multifamily structures	13.1	10.8	11.7	10.3	11.4	11.2	11.8	9.4	10.4	9.0	9.8	9.5
Other	86.7	99.9	98.3	96.4	100.9	107.6	75.6	84.4	85.0	81.2	84.8	90.4
Producers' durable equipment	7.3	7.8	7.5	7.6	7.9	8.1	7.0	7.4	7.2	7.3	7.5	7.7
Change in business inventories	7.3	16.8	12.0	13.1	7.7	11.7	6.5	15.4	8.7	13.0	6.5	12.7
Nonfarm	2.3	23.1	9.5	16.8	22.6	19.9	2.7	21.3	7.5	17.1	19.4	19.4
Manufacturing	-6.0	1.2	-14.2	4.2	2.9	-0.5	-4.7	2.1	-12.5	5.0	3.1	1.2
Durable goods	-10.6	-0.2	-17.0	0.4	2.6	1.5	-8.9	0.6	-15.1	1.4	2.8	2.7
Nondurable goods	4.6	1.5	2.8	3.9	0.2	-2.0	4.2	1.5	2.6	3.6	0.3	-1.5
Wholesale trade	6.1	3.4	13.5	6.8	7.7	-1.8	5.4	3.1	10.7	6.6	6.4	-1.4
Durable goods	3.9	1.9	3.8	0.6	7.0	3.3	3.6	1.8	3.4	0.6	6.3	3.1
Nondurable goods	2.2	1.5	9.7	6.3	0.7	-5.1	1.8	1.3	7.3	6.1	0.1	-4.5
Retail trade	6.5	12.6	10.5	3.0	5.3	14.7	5.9	11.2	9.7	3.0	4.8	13.1
Automotive	-0.7	3.3	-1.9	-0.6	-8.4	3.2	-0.6	2.9	-1.7	-0.5	-7.1	2.7
Other durable goods	5.5	4.8	8.4	1.0	8.0	7.2	4.9	4.1	7.6	1.2	7.0	6.1
Nondurable goods	1.6	4.6	4.0	2.6	5.7	4.4	1.6	4.2	3.8	2.3	4.9	4.4
Other	-4.3	5.9	-0.2	2.8	6.7	7.5	-3.9	4.8	-0.4	2.4	5.0	6.4
Farm	5.0	-6.3	2.4	-3.7	-14.9	-8.2	3.8	-5.9	1.2	-4.1	-12.9	-6.7

Table 3.--Gross Domestic Product, Disposition of Personal Income, and Prices--Continued

			Seasonally adjusted at annual rates						Seasonally adjusted at annual rates			
	1992	1993	IV 92	II 93	III 93	IV 93	1992	1993	IV 92	II 93	III 93	IV 93
	Billions of current dollars						Billions of 1987 dollars					
Net exports of goods and services	-29.6	-65.7	-38.8	-65.1	-71.9	-77.7	-33.6	-79.3	-38.8	-75.2	-86.3	-95.6
Exports	640.5	660.1	654.7	660.0	653.2	675.8	578.0	596.4	591.6	593.2	591.9	612.5
Merchandise	448.7	459.5	462.0	458.6	452.2	473.7	422.7	438.2	437.3	434.5	434.1	454.1
Agricultural products	44.0	43.2	45.5	43.1	42.4	44.1	39.7	38.2	41.1	38.8	37.3	37.8
Nonagricultural products	404.7	416.2	416.4	415.5	409.8	429.7	382.9	400.1	396.1	395.7	396.8	416.3
Services	191.7	200.6	192.8	201.3	200.9	202.1	155.4	158.2	154.3	158.6	157.8	158.5
Imports	670.1	725.8	693.5	725.0	725.1	753.5	611.6	675.7	630.3	668.4	678.2	708.1
Merchandise	544.5	593.0	564.7	592.6	591.9	618.1	511.9	572.3	530.3	565.7	574.9	602.8
Petroleum and products	51.6	51.4	54.9	57.3	50.2	47.2	51.2	56.3	52.8	57.8	56.7	57.4
Nonpetroleum products	492.9	541.6	509.9	535.3	541.7	570.9	460.8	516.0	477.6	507.9	518.2	545.5
Services	125.6	132.8	128.7	132.4	133.3	135.3	99.7	103.3	100.0	102.7	103.3	105.3
Government purchases	1131.8	1157.1	1143.8	1158.6	1164.8	1165.3	945.2	938.6	946.9	941.1	941.7	940.1
Federal	448.8	443.4	452.4	447.5	443.6	439.7	373.0	355.1	373.7	359.4	353.7	349.8
National defense	313.8	303.6	315.7	307.6	301.9	300.0	261.2	242.7	261.3	246.4	240.1	238.2
Nondefense	135.0	139.8	136.7	140.0	141.7	139.7	111.8	112.5	112.4	113.0	113.7	111.6
State and local	683.0	713.7	691.4	711.1	721.2	725.6	572.2	583.4	573.2	581.6	588.0	590.4
Disposition of personal income												
Personal income	5144.9	5387.6	5328.3	5373.2	5412.7	5509.8	.....	.....	.....	.....	.....	.....
Wage and salary disbursements	2973.1	3080.4	3095.8	3082.7	3115.5	3149.2	.....	.....	.....	.....	.....	.....
Proprietors' income with inventory valuation and capital consumption adjustments	414.3	442.1	431.2	439.4	422.5	462.4	.....	.....	.....	.....	.....	.....
Transfer payments to persons	858.4	911.6	877.4	905.5	918.5	927.9	.....	.....	.....	.....	.....	.....
Other	899.1	953.5	923.8	945.7	956.3	970.3	.....	.....	.....	.....	.....	.....
Less: Personal tax and nontax payments	644.8	681.6	670.7	681.0	689.0	699.1	.....	.....	.....	.....	.....	.....
Equals: Disposable personal income	4500.2	4706.0	4657.6	4692.2	4723.7	4810.7	3632.5	3700.5	3717.6	3694.4	3708.7	3756.4
Less: Personal outlays	4261.5	4515.7	4377.9	4483.6	4544.0	4615.5	.....	.....	.....	.....	.....	.....
Equals: Personal saving	238.7	190.3	279.7	208.7	179.7	195.2	.....	.....	.....	.....	.....	.....
Personal saving as a percentage of disposable personal income	5.3	4.0	6.0	4.4	3.8	4.1	.....	.....	.....	.....	.....	.....
Index numbers, 1987=100:	Price indexes (fixed weights)						Implicit price deflators					
GDP	122.1	125.9	123.5	125.6	126.3	127.0	121.1	124.2	122.2	124.0	124.5	124.9
Less: Exports of goods and services	113.7	115.5	114.3	115.5	115.7	116.0	110.8	110.7	110.7	111.3	110.4	110.3
Plus: Imports of goods and services	115.1	114.9	115.9	115.6	114.8	114.9	109.6	107.4	110.0	108.5	106.9	106.4
Equals: Gross domestic purchases	122.0	125.5	123.4	125.3	125.9	126.5	120.9	123.6	122.1	123.5	123.8	124.1
Personal consumption expenditures	124.9	128.7	126.5	128.4	128.9	129.7	123.9	127.2	125.3	127.0	127.4	128.1
Durable goods	111.5	113.8	112.1	113.5	114.1	114.9	108.9	109.8	109.1	109.8	109.9	110.2
Nondurable goods	123.0	124.9	123.8	125.0	124.5	125.2	122.4	124.1	123.1	124.2	123.7	124.4
Services	129.5	134.6	131.6	134.2	135.2	136.2	128.5	133.5	130.7	133.1	134.0	135.0
Nonresidential fixed investment	111.4	113.3	112.0	113.1	113.6	114.0	106.9	105.3	106.6	106.0	105.1	104.7
Structures	114.6	117.8	115.6	117.4	118.4	119.3	114.6	117.9	115.7	117.5	118.5	119.4
Producers' durable equipment	109.7	110.9	110.1	110.9	111.2	111.2	103.8	101.0	103.2	101.9	100.5	99.8
Residential fixed investment	113.4	117.7	114.8	117.2	118.5	119.3	113.4	117.8	114.9	117.3	118.5	119.3
Government purchases	120.6	124.2	121.7	124.0	124.8	124.8	119.7	123.3	120.8	123.1	123.7	123.9
Federal	121.8	126.1	122.8	125.8	126.8	126.6	120.3	124.8	121.1	124.5	125.4	125.7
National defense	122.3	127.1	123.5	126.8	127.9	127.7	120.1	125.1	120.8	124.8	125.7	126.0
Nondefense	120.2	122.9	120.9	122.5	123.4	123.2	120.8	124.3	121.6	123.9	124.6	125.1
State and local	119.6	122.8	120.9	122.7	123.2	123.4	119.4	122.3	120.6	122.3	122.7	122.9
Addenda:												
Final sales of domestic product	122.2	126.0	123.6	125.7	126.4	127.1	121.1	124.2	122.2	124.1	124.5	125.0
Final sales to domestic purchasers	122.1	125.6	123.4	125.4	126.0	126.6	120.9	123.6	122.0	123.5	123.8	124.2
GNP	122.1	.....	123.4	125.6	126.2	.....	121.1	.....	122.2	124.0	124.4	.....

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Table 4.--Real Gross Domestic Product: Historical Perspective

	I 90	II 90	III 90	IV 90	I 91	II 91	III 91	IV 91	I 92	II 92	III 92	IV 92	I 93	II 93	III 93	IV 93
	Percent change from preceding quarter (seasonally adjusted at annual rates)															
Real GDP	3.5	1.5	-0.9	-3.2	-2.4	1.5	1.4	0.6	3.5	2.8	3.4	5.7	0.8	1.9	2.9	5.9
Personal consumption expenditures	2.8	0.9	2.1	-2.7	-2.8	1.8	1.3	0.0	4.3	1.8	4.2	5.6	0.8	3.4	4.4	4.0
Nonresidential fixed investment	10.4	-4.1	5.0	-7.7	-13.2	-2.7	-3.8	-5.1	3.5	15.1	3.8	7.6	14.4	16.6	7.4	21.0
Residential fixed investment	7.1	-18.3	-22.1	-24.3	-25.5	1.2	17.3	20.3	16.8	21.8	1.2	32.8	1.5	-9.5	11.9	31.7
Exports of goods and services	12.1	7.6	-1.9	9.6	-0.8	19.4	3.0	13.3	4.9	-0.6	6.5	8.8	-2.4	3.6	-0.9	14.7
Imports of goods and services	5.6	5.4	0.5	-9.1	-11.1	11.7	11.8	6.3	3.8	15.9	9.2	5.6	11.6	13.3	6.0	10.8
Government purchases	7.0	1.1	-0.6	5.8	2.8	1.4	-2.0	-4.7	3.0	-1.0	4.1	-1.4	-6.4	4.3	0.3	-0.7
Federal	10.3	-0.7	-5.2	7.5	7.8	-0.2	-6.9	-14.2	0.0	-3.1	8.7	-3.5	-16.2	2.0	-6.2	-4.3
State and local	4.8	2.3	2.7	4.6	-0.5	2.6	1.7	2.2	5.0	0.4	1.2	0.0	0.3	5.6	4.5	1.6
Final sales of domestic product	5.2	-0.4	0.5	-0.6	-2.7	1.9	-0.4	-0.1	4.5	1.4	3.7	5.8	-0.8	3.2	3.4	5.4
Gross domestic purchases price index (fixed weights)	6.1	3.6	5.5	5.7	3.6	2.5	3.1	3.0	3.9	3.3	3.0	2.8	3.5	2.9	1.8	2.1
	Percent change from quarter one year ago/1/															
Real GDP	1.7	1.6	1.4	0.2	-1.2	-1.3	-0.7	0.3	1.7	2.1	2.6	3.9	3.2	2.9	2.8	2.8
Personal consumption expenditures	1.9	1.8	1.6	0.7	-0.7	-0.4	-0.6	0.0	1.8	1.8	2.6	4.0	3.1	3.5	3.5	3.1
Nonresidential fixed investment	2.0	0.4	1.7	0.7	-5.2	-4.9	-7.0	-6.3	-2.1	2.1	4.1	7.4	10.1	10.5	11.4	14.7
Residential fixed investment	-4.8	-6.6	-10.5	-15.2	-22.6	-18.3	-9.5	1.6	13.7	19.1	14.7	17.6	13.5	5.4	8.1	7.9
Exports of goods and services	10.4	8.3	7.5	6.7	3.5	6.2	7.5	8.4	9.9	5.0	5.9	4.9	3.0	4.0	2.2	3.5
Imports of goods and services	5.3	5.2	3.7	0.4	-3.8	-2.4	0.2	4.2	8.4	9.3	8.7	8.5	10.5	9.9	9.1	12.3
Government purchases	4.2	3.1	1.9	3.3	2.2	2.3	2.0	-0.7	-0.6	-1.2	0.3	1.1	-1.3	0.0	-0.9	-0.7
Federal	4.1	2.1	-0.5	2.8	2.2	2.3	1.8	-3.7	-5.5	-6.2	-2.5	0.4	-3.9	-2.7	-6.2	-6.4
State and local	4.2	3.9	3.6	3.6	2.3	2.3	2.1	1.5	2.9	2.3	2.2	1.6	0.5	1.8	2.6	3.0
Final sales of domestic product	2.5	1.8	1.5	1.2	-0.8	-0.2	-0.5	-0.3	1.5	1.3	2.4	3.8	2.5	2.9	2.9	2.8
Gross domestic purchases price index (fixed weights)	4.3	4.2	4.8	5.2	4.6	4.3	3.7	3.1	3.1	3.3	3.3	3.3	3.2	3.1	2.7	2.5

Percent change from preceding year

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Real GDP	4.8	2.5	-0.5	1.8	-2.2	3.9	6.2	3.2	2.9	3.1	3.9	2.5	1.2	-0.7	2.6	2.9
Personal consumption expenditures	4.1	2.4	-0.1	1.2	1.1	4.6	4.8	4.4	3.6	2.8	3.6	1.9	1.5	-0.4	2.6	3.3
Nonresidential fixed investment	13.3	8.7	-2.5	3.9	-4.6	-3.0	16.5	6.4	-4.1	-0.5	6.6	1.7	1.2	-5.9	2.9	11.7
Residential fixed investment	6.2	-3.3	-20.5	-8.0	-18.1	40.4	14.4	1.4	12.0	-0.4	-1.1	-3.8	-9.2	-12.9	16.3	8.7
Exports of goods and services	9.4	8.6	9.2	1.7	-9.0	-3.6	6.9	1.1	6.6	10.4	15.8	11.9	8.2	6.4	6.4	3.2
Imports of goods and services	9.2	1.3	-4.7	4.9	0.0	12.5	25.0	6.3	6.6	4.6	3.7	3.7	3.6	-0.5	8.7	10.5
Government purchases	1.9	1.8	2.2	1.3	1.5	2.8	3.1	6.1	5.2	3.1	0.6	2.0	3.1	1.5	-0.1	-0.7
Federal	2.1	1.2	4.8	3.9	3.4	4.8	3.2	7.3	5.0	3.2	-2.0	-0.3	2.1	0.6	-3.5	-4.8
State and local	1.8	2.3	0.4	-0.5	0.0	1.3	3.1	5.1	5.3	2.9	2.6	3.7	3.8	2.0	2.2	2.0
Final sales of domestic product	4.8	3.2	0.0	0.9	-1.1	3.3	4.6	4.3	3.2	2.7	4.1	2.3	1.7	-0.4	2.3	2.8
Gross domestic purchases price index (fixed weights)	.....	.....	.....	.....	.....	3.3	3.1	3.3	2.8	3.5	4.0	4.5	4.7	3.9	3.3	2.9

1. Based on seasonally adjusted annual rates.
Source: U.S. Department of Commerce, Bureau of Economic Analysis

Mr. MORAN. That is all.

Mr. MOLLOHAN. Thank you, Mr. Moran.

GREEN GDP

Ms. Carson, let me follow up a bit on Mr. Rogers' questioning please with regard to Green GDP.

Ms. CARSON. Sure.

Mr. MOLLOHAN. Like Mr. Rogers, I am from a natural resource extraction area, as you might know, and the natural question is why do you want this information and where does the idea for the initiative come from? Explain how the information will impact the industry ultimately, if you will.

Let me just ask you, you will in some way assess the depletion of the asset in the case of coal, a nonrenewable resource, and the extraction process, and that calculation will offset something; is that correct?

Ms. CARSON. Yes.

Mr. MOLLOHAN. So say we deplete a million tons of high sulfur coal in the northern West Virginia coal fields, or 10 million tons this year. Then how will you use that information? You will offset what, if anything?

Ms. CARSON. One way to look at it is as follows: Let's take an individual mine as representative of the total coal industry. What we typically have is total revenue data for that mine, the value of the sale from the mine.

Mr. MOLLOHAN. So we sell the coal and you value that at its sale price, for example?

Ms. CARSON. Right, right. This is the kind of information that comes out of the Census Bureau.

Mr. MOLLOHAN. All right.

Ms. CARSON. And other agencies. When we are doing industry analysis, we can get data on the current operating costs of that industry. Everything that is left after current operating costs—that covering wages and salaries, that sort of thing—you think of as being the return to that industry. That covers the value of the return to the mining equipment and the structures of the mine. But as well, it is the return to the mineral per se.

Basically, what we are doing is separating into two parts that return and saying what part you should recognize as being the using up of the mineral from the part that is the return to the plant and equipment invested in getting the mineral out of the ground. It is recognizing that the using up of the mineral is a cost, in the same way that there is a cost to having plant and equipment that is depreciating.

That kind of information gives you a view of how the industry is operating that can then be used in making trade-offs: do we use coal, or other resources? It basically puts the operation in a context where you recognize that the mineral is being used up.

Mr. MOLLOHAN. Okay. I am going to have to get to a policy level here. This isn't going to be meaningful for me, but this will have to be left for another occasion.

Ms. CARSON. Okay. Sorry.

Mr. MOLLOHAN. No, don't be sorry. I need to understand in a more technical way what you are trying to say. Let me get at it this way perhaps. Right now there is a certain contribution of the extraction and sale of coal to the gross domestic product; is that correct?

Ms. CARSON. Yes.

Mr. MOLLOHAN. Under the process that you are proposing, there would be an offset to what is now a figure of X in your proposal, in the calculation of a Green GDP, there would be some calculation X minus something; is that correct?

Ms. CARSON. Yes.

Mr. MOLLOHAN. And the minus Y, would be the value of the resource?

Ms. CARSON. Right.

Mr. MOLLOHAN. All right. And you would value the resource as a reserve? Is that the value that you would give to it?

Ms. CARSON. The value of the resource used up over a period of time, like a year, would be what we would offset GNP.

Mr. MOLLOHAN. I understand. But you must arrive at that value.

Ms. CARSON. Right.

Mr. MOLLOHAN. So would the value that you give to that resource prior to extraction, have a value in the ground which is significantly less than its value on top of the ground at the point of sale to some purchaser?

Ms. CARSON. Yes.

Mr. MOLLOHAN. What are you offsetting, the value of the resource in the ground as a reserve?

Ms. CARSON. As if it were being sold at the market price.

Mr. MOLLOHAN. Well then, you are going to have a zero value, because if I understand what you told me, you are going to value it in terms of gross domestic product as the value of its sale to a purchaser today. In computing gross domestic product, you value the sale of the coal resource using—continuing to use this as an example, is that correct?

Ms. CARSON. Yes.

Mr. MOLLOHAN. And in green gross domestic product, as I understand it, you are proposing to offset that value as currently—I am clear in my head.

Mr. ROGERS. Will the gentleman yield?

Mr. MOLLOHAN. Yes, certainly.

Mr. ROGERS. Am I correct that in Phase III, as we talked about earlier, you are going to try to put a value on the degradation of the environment by the use of that resource, and that would be the minus; isn't that—am I correct in that?

Ms. CARSON. They are rather different kinds of minuses.

Mr. ROGERS. Well, let me see if I can get to this. In Phase III, you are going to try to put a value on the degradation of the environment from the use of various resources, fish, coal, alfalfa or what have you, right?

Ms. CARSON. Phase III would be two steps away from coal, one step away from fish. We would be looking in Phase III at the degradation of air and water.

Mr. ROGERS. That is what I just asked you.

Ms. CARSON. Sorry.

Mr. ROGERS. That is the minus, right, to the depletion of coal as an asset, right? That is what you would be trying to measure?

Ms. CARSON. I don't think so. I am having some difficulty going from my language to yours. If you will try it again, I will see if I can——

Mr. MORAN. Can I enter into this? It is academic on my part, because I don't have the natural resource. But I share a problem. If you take the value of a natural resource at its sale price, and then that is no longer a product to be included in the gross domestic product statistics, because we have given up the natural resource in return for the cash value and so it is offset. There is no net additional product. That is how I understood Mr. Mollohan's concern. Then if there is additional degradation of the environment, in fact that transaction results in a negative instead of a plus to the GDP.

Ms. CARSON. I think one clue may be that what goes into GDP is what is the difference between the costs incurred in producing and in selling something at the total sale price. It would be best if I could do it in terms of an example.

GREEN GDP—COAL

Mr. MOLLOHAN. Well, we are trying to give you an example, coal.

Ms. CARSON. Right. But, let's take coal at the wellhead—I am sorry, at the mine head.

Mr. MOLLOHAN. Well, that is a new method. It sounds more efficient to me.

Mr. MORAN. Liquify it.

Ms. CARSON. At the mine gate.

Mr. MOLLOHAN. Mine mouth.

Ms. CARSON. Okay. Mine mouth. That is sold at a market price. When things are sort of in equilibrium, that price covers several things. It covers the cost of the miners' salaries; it covers the cost of the mining company's share that year of the using up of the mining equipment. A simple version is to view——

Mr. MOLLOHAN. Covers operating costs?

Ms. CARSON. Right.

Mr. MOLLOHAN. Okay.

Ms. CARSON. A simple way of viewing what we are trying to do is to separate out the part of the return that is depreciation on the mining equipment and the part of the return that is to the mineral itself, for the using up of the mineral, paralleling the using up of the plant and equipment that brings the coal to the surface.

Mr. MOLLOHAN. Okay. The using up of the mineral is being paid for, by the way. It is either royalty or a company has bought it.

Mr. MORAN. You quantify the depreciation of natural resources as depletion.

Ms. CARSON. And that is what we are bringing in to put side by side, with the depreciation of the capital so that you see it all in an economic accounting framework, all together.

Mr. MORAN. Every firm has to account for depletion. You have that number down.

Ms. CARSON. Yes, in tax returns, yes. But we have not done so in the GDP accounts, and it is just doing that, using some of that information that is available (although not the tax return information, because that is not always the economic value of depreciation).

Mr. MOLLOHAN. Okay. But just answer this one question. In that process, you are offsetting some value number, some Y number going back to the formula, correct? You attribute some value to production of coal, do you not, in producing gross economies' particular product? I am calling that X.

Ms. CARSON. Yes.

Mr. MOLLOHAN. All right. Now, you are proposing under this Green GDP to offset something from X, correct? I am calling that Y. Will you define Y for me?

Ms. CARSON. Depletion.

Mr. MOLLOHAN. And how do you compute that value?

Ms. CARSON. We typically are working with a physical quantity.

Mr. MOLLOHAN. Okay.

Ms. CARSON. Tons of coal.

Mr. MOLLOHAN. One ton, how do you value it?

Ms. CARSON. We multiply it by a value. We have several different valuations to show the range according to different approaches to valuation. But they are market related.

Mr. MOLLOHAN. Okay. A ton of coal, let's say it is $20 a ton to the purchaser. That is X.

Ms. CARSON. Right.

Mr. MOLLOHAN. Well, that is not X, actually. That is X minus all the operating costs. But there is going to be an additional subtraction from that, and that is going to be Y; is that correct?

Ms. CARSON. Yes.

Mr. MOLLOHAN. What is Y? Depletion? How do you compute it?

Ms. CARSON. A quantity, tons of coal used up in a year.

Mr. MOLLOHAN. Right.

Ms. CARSON. Times a value.

Mr. MOLLOHAN. What value is that? Is that the value of it as a resource? What value is that? How do you determine that value? Where do you come up with that value? Or do you not know? It is fair if you don't know, or is it just beyond me and many of these other people?

Ms. CARSON. It is beyond me to get the right words, to get out of my own skin, so to speak. Let me ask Steve Landefeld, my deputy, if he can help me.

Mr. LANDEFELD. Do you mind?

Mr. MOLLOHAN. No, sir, please.

Mr. LANDEFELD. Essentially, we are taking GDP which already has the coal in it. We want to get to something called NDP, which is sort of your notion of what is sustainable product, after we have taken out the using up of capital, as Mr. Moran said. Companies already include these allowances. We have not, since the 1940s, included that in GDP. Originally we did, but we didn't have a way to get additions in.

Mr. MOLLOHAN. Right.

Mr. LANDEFELD. So what we are talking about doing here is we are not fooling around with GDP, except to better identify the contribution of the coal in the ground.

NET DOMESTIC PRODUCT

Mr. MOLLOHAN. And we are going to diminish that contribution?

Mr. LANDEFELD. No, we are not in GDP. What we are going to do in getting to net domestic product, which is a measure of sustainable product. What we are going to do is exactly what we do with physical capital and what companies do on their own books, is which part of your current production is really using up your capital, and you make a charge for it to get to the bottom line of net domestic product.

Mr. MOLLOHAN. And you compute that in domestic product?

Mr. LANDEFELD. In depreciation, yes, we already do, but we don't now for depletion, in getting to GDP. We are not going to touch GDP, but we are going to ask what would NDP be when we take and put an aside an allowance, if you will, (just as we would do for depreciation) for the depletion of the reserve.

Mr. MOLLOHAN. How do you get to that number per ton?

Mr. LANDEFELD. Okay. You take the current price—

Mr. MOLLOHAN. Market price.

Mr. LANDEFELD. Market price of coal which includes the contribution of labor that went into producing it and a normal return to capital in producing that. And then you have a residual value which we tease out of it, essentially by deducting variable costs; the tricky part is, what is a normal return to capital? And so we use various alternatives for estimating the normal return on that capital and the discounting that should be done to the account for the fact that coal really wouldn't be mined until some point in the future. So you get into a little problem with that.

But the bottom line results don't vary much as it turns out, depending upon the method. There is a big debate in the economic literature about how you value coal in the ground but, the net result pretty much looks the same, regardless of what method you use.

So you essentially take the price minus your variable costs per unit minus some normal, let's leave that aside, return to capital and the residual is the contribution of the coal in the ground which, as you noted, is well below the value of the coal itself. And that is about it.

Mr. MOLLOHAN. Somebody is going to say this is taking away from our gross domestic product; this is really a liability to our economy rather than an asset, because when you add in the depletion of the reserve and the diminution in the environment that the acidic deposition causes by long-distance transport of sulfur which is a scientific fallacy, then this isn't contributing to our economy at all. I am sorry, that debate is over. But the coal industry isn't contributing anything to the country. Is that fair to play that out, that somebody would be able to use this information in that way?

Mr. LANDEFELD. Well, one, you are asking us, as Carol said, to step out of our skin, because in a sense, we are a statistical agency. That may not come across to Mr. Moran in terms of a description of our agency, but BEA——

Mr. MOLLOHAN. These are policy questions.

Mr. LANDEFELD. I understand.

What we do, though, is provide the tools to analyze this. For example, if you are concerned about that debate, we would provide the input-output information about what jobs and what industries are dependent on coal. So if you are of the perspective that a coal tax is a good thing, then these kinds of data would help you analyze coal's real contribution to the economy; what industries are going to be affected by some sort of environmental-related tax. That is what our data gets used for. We don't do that. But essentially we provide baseline sets of consistent data on regional accounts and input-output accounts to provide a quantitative baseline for answering those types of questions. But on your question of depletion "taking away from GDP," depletion is not a deduction from GDP. It is net domestic product, which is an analytical device, which is effected.

Mr. MOLLOHAN. I think it is incumbent upon us to really understand it.

Mr. ROGERS. I have one more question about this, before you leave it.

Mr. MOLLOHAN. Certainly.

GREEN GDP—PHASE III

Mr. ROGERS. So in Phase III, you want to get the money to try to start trying to measure the detrimental impact of the burning of coal which would give you something to measure against the value of using it, right?

Ms. CARSON. What we would work with is changes in the quality of, for example, air, where the pollutants from coal and other things would be a factor, yes.

Mr. ROGERS. Okay. Now, assumedly, you will be measuring the detrimental impact of using other forms of energy like natural gas?

Ms. CARSON. That is correct.

Mr. ROGERS. The use of nuclear power?

Ms. CARSON. Yes.

Mr. ROGERS. And the detrimental value of that. Perhaps the detrimental value of using wind power, sun power, right?

Ms. CARSON. Yes.

Mr. ROGERS. I want to know how you are going to put a value on the reserve of wind or sun power.

Ms. CARSON. What we would be looking at is the baseline and changes from that baseline where by working with the expenditures that are made to maintain that baseline you get a market-related economic value.

Mr. MORAN. Would the gentleman yield?

Mr. ROGERS. Let me finish.

Mr. MORAN. Go ahead.

Mr. ROGERS. What is the formal name of this program in your notations?

Ms. CARSON. We have called it "Green GDP," in quotes, but it incorporates environmental performance and economic measurements.

Mr. ROGERS. Okay. Thank you.

Ms. CARSON. May I offer a simple X, Y example for the record?

Mr. MOLLOHAN. Please.

Ms. CARSON. Okay.

Mr. MOLLOHAN. I can't wait to hear it. A simple one.

Ms. CARSON. I regret that I have not been able to do it orally, but I would sure like to try for the record.

[The information follows:]

Accounting for Production: An Example Comparing the Existing Accounts and the Integrated Economic and Environmental Satellite ("Green") Accounts

This example is intended to explain the integrated economic and environmental satellite accounts to clarify three points that came up in the hearing: (1) that the recognition of depletion changes the composition of gross domestic product but not the level, (2) that the recognition of additions to natural resource reserves raises gross domestic product, and (3) that the recognition of both depletion of, and additions to, resource reserves affects the level of net domestic product.

In this simplified example, all of GDP goes to either "wages" or "profits." Thus, for an industry and for all industries combined, wages plus profits equals gross domestic product (GDP).

I. The existing GDP accounts

Wages	6,000
plus: Profits	4,000
Gross domestic product	10,000

Capital in the existing GDP accounts is limited to structures and equipment. Depreciation--that is, the amount that must be set aside to cover the using up of capital in production--is included in gross domestic product. In fact, the "gross" in the name, Gross Domestic Product, refers to that precise feature.

Because depreciation is included in GDP, GDP is not a measure of sustainable income, that is, a measure of the income that is available for consumption without reducing the productive capacity available to future generations. For that purpose, we also calculate net domestic product (NDP). NDP is calculated, as shown below, as GDP less depreciation.

Gross domestic product	10,000
less: Depreciation	1,000
Net domestic product	9,000

II. The Integrated Economic and Environmental Satellite Accounts (IEESAs)

Natural and environmental resources are also productive assets. For that reason, the IEESAs include these resources, along with structures and equipment, as part of the Nation's wealth and treat them as we do structures and equipment in the existing GDP accounts. Consider the following example of mineral reserves.

The depletion of mineral reserves is like depreciation of plant and equipment. Depletion is the amount that must be set aside to cover the cost of using up mineral resources in production. For example, if an oil company earns $4,000 in profits but depletes its reserves by $100, then its true economic profits were only $3,900, the amount over and above its depletion of its assets. In the IEESAs, therefore, an estimate is made of the amount of profits that in reality should be recognized as depletion. This amount is removed from profits and entered as a separate component of GDP.

The estimate is calculated as a physical quantity -- for example, barrels extracted -- times an estimate of the market price of the mineral in the ground (a price that is calculated by subtracting the market price of the labor and capital used to extract the mineral from the wellhead price of the mineral itself). Depletion, like depreciation, must be subtracted from GDP to arrive at NDP.

Wages	6,000
plus: Profits (IEESA)	3,900
Depletion	100
Gross domestic product (IEESA)	10,000
less: Depreciation	1,000
Depletion	100
Net domestic product (IEESA)	8,900

Recognizing, or adjusting for, depletion changes the composition of GDP: profits are reduced and a new component is entered. The level of GDP itself is not reduced by the recognition of depletion. Recognizing depletion reduces NDP compared with the existing accounts' NDP.

Similarly, additions to mineral reserves (for example, new finds) are treated like additions to the stock of structures and equipment--that is, as capital formation. Additions to reserves do not appear in the existing GDP accounts; therefore, to treat them as we do additions to structures and equipment, they are added to GDP. In the IEESAs, additions to reserves enter GDP via profits. Recognizing, or adjusting for, the additions to reserves adds to GDP (and to NDP).

Wages		6,000
Profits (IEESA)		4,150
of which: capital formation in mineral reserves	150	
Gross domestic product (IEESA)		10,150
less: Depreciation		1,000
Net domestic product (IEESA)		9,150

The example demonstrates that recognizing additions to reserves raises GDP and NDP compared with the existing accounts' measures.

The two main features of the IEESAs treatment of mineral reserves--treating depletion of reserves like depreciation and treating additions to reserves like capital formation--are combined below.

Wages		6,000
Plus: Profits (IEESA)		4,050
of which: capital formation in mineral reserves	150	
Depletion		100
Gross domestic product (IEESA)		10,150
less: Depreciation		1,000
Depletion		100
Net domestic product (IEESA)		9,050

Compared with the existing accounts, both the composition and level of GDP differ. Thus, the IEESAs give a view of an industry's production that reflects changes in its resource base. The IEESAs measure of NDP, therefore, is a better measure of sustainable income because it incorporates changes in our mineral wealth as well as our plant and equipment. Whether the IEESAs measure of NDP is higher or lower than in the existing accounts, for a year or for a longer period of time, depends on whether depletion or additions to mineral reserves is larger. This will vary from resource to resource. When we make these calculations for all of the mineral resources in the economy, we learn whether the current level of GDP can be maintained by the Nation's natural resource base.

Mr. LONDON. But I think Mr. Rogers made a very good point, that this is not just coal. You are talking about a whole range of resources which have depletion and you are looking for, I mean in a policy sense, the—you want to see what the economy, how the economy might perform in a sustainable way, so I was trying to get some sort of measurement.

Mr. MORAN. That is the point. If I could just follow up with a further question, because I am as confused——

Mr. MOLLOHAN. Well, how about our X–Y example.

Mr. MORAN. She is going to give it for the record, is what I understand; is that right?

Ms. CARSON. Yes. That is what I offered.

Mr. MOLLOHAN. Yes, that would be helpful. Thank you very much.

Mr. ROGERS. If the gentleman will yield, it is clearly outlined in the notes; it is described in great detail. And I was just confirming orally what is already written verbally in the submission. It is, unfortunately, spelled out in great detail in the justifications.

GREEN GDP—DEPLETION

Mr. MORAN. Well, then let me just make a comment, if I could. I think that there is great value in analyzing the sustainability of development, particularly the depletion of natural resources, because there are different methods in which those resources can be depleted, some of them more sustainable than others. This analysis has to be done on an international basis. For example, and I don't want to get into any argument with the experts here, we don't do a lot of coal mining in Northern Virginia, but there are some forms of the depletion of surface mining—but there are different methods of extraction—there would be value to understanding the true cost of one method of natural resource extraction versus another.

For example, clear-cutting forests can be done in sustainable ways and nonsustainable ways. A lot of Third World countries, clearly, are extracting their natural resource in a nonsustainable way. Now, if that were the analysis that was being done so that we could understand the long-term prospects for this continued extraction, that would be a useful statistic. What we are hearing here doesn't seem to comport with the intent of—with that goal, and if it does, then we would like to know that.

I don't want to belabor this. But that was my assumption, that that was the purpose of this Green GDP, to put in another factor which is really a sustainability factor, and if that is the case, I think that is a useful offset to the product that we are showing. It is probably more useful to some Third World developing nations than to the United States, but it would be useful here as well. Certainly, it goes to fishing and it would—and that is a policy that would lead to policy conclusions, and I would assume that we are doing that, but that it is something that needs to be refined.

If that is what it is all about, we could make an argument to defend it, and there may be one or two people who would not be as excited about it. But I may have some more environmentalists in my area than in some other areas. But that is useful. If it is something beyond that, I can't imagine either what the purpose of it is or why we would provide money for it.

Ms. CARSON. Your description was right on target, and if, as we prepare the example we can show how it relates, I think that would be useful to try to do that.

Mr. MORAN. Thank you.

Mr. MOLLOHAN. Just one follow-up question. Mr. Landefeld, did I understand you to say that this process will not affect the gross domestic product number?

Mr. LANDEFELD. In terms of the depletion you are talking about, there would not be a reduction in the value of the mining industry output associated with depletion. It is a sustainability type number. Just as we deduct depreciation to arrive at net domestic product or sustainable product, we would just make a parallel entry for using up——

Mr. MOLLOHAN. Is your statement in conflict with this statement in your justification? ESA–19: "These estimates will provide a measure of gross domestic product that is adjusted for the depletion of these resources," and they are talking about the nonrenewable resources?

Mr. LANDEFELD. GDP would be affected by investments, if you added to the stock of your GDP in the form of investments, and you added a new coal mine and that sort of thing, it would be affected in that sense. It is NDP, however, that would be affected by the depletion. Depletion would affect GDP only to the extent you want to identify the contribution in the ground mineral coal to value added and work it through input-output accounts. Then we can identify it, which we cannot currently do in GDP. That is a sense in which the depletion entry as opposed to investments would affect GDP.

Mr. MOLLOHAN. You are saying there is no conflict between the previous statement——

Mr. LANDEFELD. I admit that it is a bit confusing, because it is separating out the depletion portion of GDP. But depletion is used like depreciation in calculating NDP. They are essentially already a component of GDP. For example, you can either calculate GDP in your old plus I plus G plus X minus M, and all that, do you remember that?

Mr. MOLLOHAN. Yes.

Mr. LANDEFELD. Or it can add up the value-added side. Part of that value-added is depletion. So whatever essentially you put in for depletion goes in both as an add-on to GDP and a subtraction out to get NDP. All you are doing is saying we are going to add that to GDP and subtract it out to get NDP because depletion is essentially the using up of the resource and we are going to account for it. But we are going to put the additions to it as well; we have more oil, we add those additions on as well. But essentially depletion goes in both sides of the account.

Mr. MOLLOHAN. Okay. But all of this answer that you have given me——

Mr. LANDEFELD. Yes, all of it.

Mr. MOLLOHAN [continuing]. Is to say that there is no conflict between your previous statement that this offsetting of the resource would not affect GDP?

Mr. LANDEFELD. Yes.

Mr. MOLLOHAN. You said that before.

Mr. LANDEFELD. If I subtract it out, I have added it in.

Mr. MOLLOHAN. So it is not in conflict with this statement that I just read: These estimates will provide a measure of gross domestic product that is adjusted for the depletion of these resources? There is no conflict between the previous statement and this one?

Mr. LANDEFELD. It is confusing.

Mr. MOLLOHAN. I understand. I just want a yes or no answer.

Mr. LANDEFELD. Technically, it is not in conflict.

Mr. MOLLOHAN. Technically your previous statement is not in conflict with this statement, technically. What does that mean?

Mr. LANDEFELD. Depletion is both in GDP and subtracted out to get NDP.

Mr. MOLLOHAN. All right. We will have a number of questions in this area for the record which we would appreciate your answering. And we do appreciate your testimony here today and your bearing with us on some of these questions, and we will understand them better.

Ms. CARSON. We look forward to doing the example for you.

Mr. LONDON. Mr. Chairman, may I clarify one comment I made to Mr. Moran about forecasting.

Basically the CEA does most of the forecasting for this administration. We provide a lot of the data, as I said, to the CEA. We have a Chief Economist who does the front piece in the *Industrial Outlook* based on the forecast of the CEA. But that is not technically a forecast. We will provide you with examples of our work.

Mr. MORAN. Don't do anything you are not doing now. I just want to see the best, most understandable product that you produce.

Mr. LONDON. I understand. Maybe we ought to show you some of the things we put out month after month and try to deal with it that way. Thank you very much.

Mr. MORAN. That is fine. Thank you.

Mr. MOLLOHAN. Thank you. We are going to move on to the Bureau of Census.

Mr. LONDON. Okay.

[The following questions were submitted to be answered for the record:]

Questions Submitted by Congressman Mollohan

Economic Information Infrastructure Initiative

QUESTION:

What has been the impact of not receiving the full amount requested in FY 1994 for this initiative? Could you provide specific examples of additional costs resulting from the lack of funding for these programs?

ANSWER:

In FY 1994, BEA not only received no additional funding for improvements in its statistical programs, its base was cut. In addition, for FY 1991-93, BEA received only $1 on every $3 requested. Thus, four years into a multi-year plan, BEA has only been able to mount a low-level effort to carry out the much needed and widely supported upgrading of the U.S. economic accounts. Additional costs resulting from this lack of funding are manifested in a number of ways, including:

- Continuing to stretch out the effort over an increasing number of years exacerbates the challenge of updating BEA's interdependent accounts for the economy. The gaps and deficiencies in the accounts have not gotten any smaller over time; indeed many existing gaps in coverage that were slated for resolution in earlier budget requests have grown larger as new gaps have emerged.

- Lack of funding for BEA reduces BEA's credibility in negotiating with source data agencies and users in redesigning surveys and improving other source data necessary for BEA's work. In many cases, long lead times are necessary to design surveys, put them into the field, and ultimately process the returns. With BEA's uncertain ability to help fund this process, opportunities to incorporate BEA's needs at the outset are missed. The expense to later add to or adjust a survey to fit BEA's needs--if it is possible at all--becomes a special cost and budget requirement of BEA instead of part of a normal course of business for the supplying agency trying to satisfy the needs for its information.

- The United States becomes even further out of step with other countries who are moving aggressively to convert their accounts to recently revised international standards and thus data sharing and cooperative research that

> benefit the United States will be given lower priority.

It is essential that BEA carry forward the long-term plan to modernize the U.S. economic accounts. BEA's statistical infrastructure has not kept pace with the increase in the size and complexity of the economy or the new demands placed on it. Without remedy soon, economic policy making will be "flying blind".

QUESTION:

How does the United States compare to the rest of the world in collection and analysis of economic data? If the United States makes this investment in economic data improvements, will the rest of the world follow, or will we have a situation where our economic data will be "out of sync" with that collected by other countries?

ANSWER:

In some aspects of the collection and analysis of economic data, the United States is ahead of the rest of the world. A recent article in The Economist, based on its survey of knowledgeable people in statistical agencies around the world and in international organizations, noted that "America has the world's best figures on foreign direct investment and the operations of foreign affiliates." As another example, several years ago the Bureau of Economic Analysis did pioneering work in the development of quality-adjusted price indexes for computers, and many countries now use that index in their own calculations. Further, the United States gets top ratings for the speed with which it gets out is gross domestic product (GDP) and related figures.

In some other aspects, the United States can learn from the rest of the world. For example, in the area of international financial services, where there is a need to capture the increasingly sizable direct securities transactions and new financial instruments that bypass our existing system, the Australians and other countries have experience with surveys and data collection systems that close these gaps. (Our budget requests in this area would provide funds to implement strategies that build upon these countries' experiences.) In addition, the initiative to move forward on the implementation of the new international System of National Accounts and International Monetary Fund's guidelines for balance of payments accounts is explicitly intended to move the United States in the direction of introducing updated concepts and definitions used by the rest of the world. Indeed, a central motivation for this initiative and several others is to reduce the extent to which the U.S. statistics are "out of sync" with those prepared by other countries.

Balancing the aspects where U.S. statistics are ahead of the rest of the world and where they are behind to get an overall rating is difficult. The persons surveyed by The Economist may not be the best possible judges for such a task. However, on the basis of their judgments, The Economist puts U.S. statistics in sixth place, tied with the United Kingdom's statistics and behind those of Canada, Australia, the Netherlands, France, and Sweden.

Proposed ESA Revolving Fund

QUESTION:

You are requesting a one-time appropriation of $1.7 million to establish a working capital fund for a self supporting revolving fund for data products of the Economics and Statistics Administration. How will this revolving fund work, and how does this proposal differ from the way you are currently conducting business?

ANSWER:

The revolving fund is being established to include the operations within the Economics and Statistics Administration that function in a business-like manner; that is, they produce products that add value to already available information and charge the users of this special benefit a fee to cover the costs.

Federal agencies such as the Bureau of Economic Analysis, Bureau of the Census, International Trade Administration, and Bureau of Labor Statistics are custodians of a trove of information on economic, business, trade, and workforce conditions. Our goal is to make this information a competitive asset for American business. Small businesses can gain a wealth of information in readily accessable formats at a fraction of the cost it would take to assemble its themselves. GAO has estimated that for one of our products, the National Trade Data Bank (NTDB), it would cost a businessman $8,000 to assemble the information that he can get on one $35 CD-ROM from ESA. Approximately 425 businesses in West Virginia, Virginia, and Kentucky are current users of ESA's products.

The one-time appropriation of $1.7 million will provide the financial flexibility required in a revolving fund. Both revenues and expenses (expected to be $2.2 million or less in FY 1995) are variable. The working capital will provide security in the event of shortcomings in revenue projections or unexpected costs, but more important allows for investments in technology and market research that will enhance our current products and lead to new or improved products as we improve our knowledge of what the customer wants. Without the revolving fund, investments must come from appropriated funds, which are available for investment only sporadically at best.

Given our interest in disseminating information as widely as possible, we work with resellers to package some or all of our products into their own formats and, through these "multipliers", expand the number of users to targeted markets or through information vendors with an established customer base. Market conditions will also ensure that our prices remain low.

QUESTION:

How will your customers be impacted by the establishment of this revolving fund? Will this effort improve your ability to serve your users?

ANSWER:

Our current customers will see an improvement in existing services and new service offerings that will more closely meet their information needs. We are currently limited in our ability to improve existing services or develop new services as demand warrants. Funding is limited to our ability to reprogram resources from other uses. This "robbing Peter to pay Paul" approach to funding results in very modest amounts of money available for research and development. Creation of the revolving fund will increase our financing options significantly and a large portion of the annual operating costs will be devoted to improving our services by investing in up-to-date technology, broadening the information collection, and providing more customer focused services. Moreover, we expect to attract a much larger group of new customers who have never taken advantage of government business, economic, and trade information. The revolving fund will allow us to grow and react to new markets as they develop without the lag necessitated by the normal budget process.

QUESTION:

What are the benefits to be gained by the establishment of this revolving fund? Will more data users be able to access this information?

ANSWER:

The revolving fund will provide many benefits to the government, taxpayers, and U.S. businesses.

° The government will benefit through the establishment of a clearly defined outlet for business and economic information. Much as the Consumer Information Center has done for consumers, and NTIS has done for scientific and technical information, U.S. businesses will have a source for business, economic, and trade information. And, government agencies with business-oriented information will have a new distribution channel that complements their own dissemination activities.

- The taxpayers will benefit since there will be no direct cost to the government to operate such a service. The entire cost will be borne by the recipients of the information similar to when publications are sold through GPO or families pay an entry fee for use of national park facilities.

- Businesses will benefit since the fund will be used to operate a one-stop source for business and economic information produced by the Federal Government. This type of information is underutilized by the Nation's businesses because of the difficulties of identifying and obtaining the information. Time is money to businesses and a business information clearinghouse will save them time and money. Moreover, access to this information will be opened for the first time to thousands of small businesses which, up until now, have not been able to afford high-priced information services. We have an eight-year track record of providing high value services at very low cost to the business customer. We plan to continue operating with this philosophy.

  Businesses will also benefit through the ability to obtain information using a variety of media. Electronic delivery may include on-line computer services, the Internet, CD-ROM, fax-on-demand, direct electronic delivery, electronic mail, and tomorrow's yet-to-be-announced technology. The revolving fund will allow access to data using all these options. Selection of the preferred media should be made by the customers based upon their information needs and computer skills, not by the government. And, because we use a variety of distribution techniques, businesses located in the most remote locations of this country will have the same accessibility to this information as businesses located here in the Washington metropolitan area.

QUESTION:

Have you had any discussions with your authorizing committees about the establishment of this fund? Have there been any objections raised about the establishment of this fund? Please elaborate.

ANSWER:

No. Programs within the Economic and Statistical Analysis budget are permanently authorized. There have been no objections raised to the establishment of this fund.

QUESTION:

How will the establishment of this revolving fund provide a link to the National Information Infrastructure? Are most of the requests for your data in electronic form?

ANSWER:

The revolving fund will be used to support the development and operation of the "business and economic information node on the information superhighway" [recommendation of the National Performance Review]. Much of the focus of the work of the NII has been on developing the infrastructure and ensuring wide public access to it. The revolving fund will support development of the first major collection of government information that is of wide appeal to the business community. Their ability to locate and obtain business how-to information, rules and regulations, economic, social, and demographic statistics, market research, regional information, labor relations data, health care and health insurance information, and tax-related data will motivate the business community to support the NII since there will be a valuable electronic tool residing literally at their desktops.

Most of our customers request information in electronic format; we do not maintain printed reports. However, a significant portion of our customers would use printed versions of the information if available. We have instituted fax-on-demand services for a small portion of our information collection and are actively exploring offering print-on-demand services as part of our overall service package. Of course, we always refer our customers to other sources such as the GPO or NTIS if there is a printed publication available.

QUESTION:

How will this program interact with the FEDWORLD proposal under the Technology Administration?

ANSWER:

It is our understanding that the FedWorld proposal covers 1) investment in equipment to support FedWorld operations, 2) investment costs associated with converting scientific and technical information to electronic format, and 3) provision of NTIS information to a small number of federal depository libraries. The Technology Administration request will have no direct effect on the revolving fund proposed here. Nor will establishment of the revolving fund affect FedWorld.

Commerce was also tasked by the National Performance Review to build a "business and economic node on the information superhighway". This is a logical extension of our existing information dissemination activities -- the Economic Bulletin Board® and the National Trade Data Bank. These services focus on delivering limited business and economic information to a subset of the business community. The node will expand these services to cover federal information useful to all U.S. businesses. We expect this effort will be financed largely through user charges, which will be plowed into the revolving fund. We will offer this service using a variety of media, through direct sales to businesses, and through information intermediaries which may include FedWorld. Most of the work on this project involves identifying, organizing, managing, and packaging business information, interacting with the business community to determine what types of services and information they need to be more effective, and providing customer support to ensure effective utilization of these services. These tasks are beyond those performed by NTIS and FEDWORLD.

QUESTION:

What steps are being taken to avoid the problems experienced by the National Technical Information Service (NTIS) earlier in the decade?

ANSWER:

It is our understanding that the problems experienced by NTIS earlier this decade were caused by four reasons:

- failure to keep up with changes in the information industry, particularly with use of computer technology to deliver information,
- poor service to information-supplying customers, (federal agencies), and information-using customers, (purchasers of NTIS reports),
- funding the cost of operations out of unexpended customer deposit accounts, and
- operating in a non business-like manner.

We have taken steps to avoid making the same mistakes. We intend to invest in our future through continuous research and development activities as noted earlier. Keeping abreast of changes in information technology, standards for service delivery, and packaging of information in more usable formats is essential to maintain a high level of service and ensure customer (taxpayer) satisfaction.

The Office of Business Analysis' (OBA) current customers participate voluntarily. Information-receiving customers may cancel subscriptions or accounts if they are not satisfied. Federal agencies that supply information to these services do so voluntarily and may chose to discontinue using OBA dissemination services if not satisfied. Because of the voluntary nature of OBA activities, customer service is viewed as a high priority.

Our costs of operations are currently funded partially through appropriations and partially through reimbursements for special work. Establishment of the revolving fund will eliminate the appropriations portion of our funding. In anticipation of this change, we are taking steps to identify and eliminate or minimize costs, and a business plan is being prepared that models our operation after a small business. The business plan will project sales, costs, and cash flow to determine what OBA must do to reach a firm financial footing with minimum reliance on the initial $1.7 million capitalization. We view this one-time appropriation as our endowment that must be preserved at all costs.

As part of the work to prepare the business plan, we are closely examining how we maintain customer accounts and exploring several charge options. We want to avoid use of deposit accounts altogether; they are costly to maintain and few of our customers request them. Also, NTIS is a retail outlet for our CD-ROM products. Customers preeferring to use deposit accounts may purchase our products through NTIS.

Finally, we recognize the value of operating in a strict business-like manner. All activities will be evaluated on how they affect the overall operations of the office including costs and revenues from sales. We expect some services to continue to be offered at no charge such as free distribution of CD-ROM titles to depository libraries. However, most activities will be reimbursed through user charges or special work reimbursables with other agencies that wish to take advantage of our expertise in packaging information for electronic dissemination.

Re-Engineering Data Gathering

QUESTION:

You are requesting $3.3 million to "re-engineer your data gathering process." Is this initiative intended to redesign the Bureau of Economic Analysis (BEA) computing capabilities?

ANSWER:

Yes, this multi-year initiative is intended to redesign BEA's computer and data processing capabilities; moving BEA from its 1970s mainframe-oriented data processing to an integrated microcomputer network. Not only is this initiative critical in terms of preparing BEA for the future, the deteriorating condition and age of BEA's current mainframe computer increases the urgency of this initiative.

BEA is in a sense, the nation's bookkeeper, integrating a huge volume of monthly, quarterly, and annual economic data--ranging from construction spending to retail sales--produced by other government agencies and trade sources to produce a complete and consistent picture of the economy. As the statistical agency producing such composite data as GDP, the Balance of Payments, Gross State Product, and the Index of Leading Indicators, BEA is highly dependent on its computer and data processing systems for the timely and efficient production of these key economic statistics.

This redesign is a re-engineering of BEA's entire data processing system--from software to hardware. It is expected that this redesign will reduce the burden on respondents to BEA's surveys, improve the efficiency and accuracy of BEA's economic statistics, and make BEA's data more widely and easily accessible. The re-engineering will be achieved by downsizing systems from BEA's mainframe computer to microcomputers and the local area network (LAN), by re-designing these systems to take advantage of the LAN's capabilities, and by developing an electronic data filing and customer service system for BEA's surveys.

Part of the basic computing capability--the hardware infrastructure--is already available; however, conversion of all of the Bureau's computer programs from the mainframe to the LAN system will require additional infrastructure in the form of additional file servers, telecommunication capacity, and disk capacity. The most important part of the re-engineering will be the development and/or purchase of software to support the re-designed systems (particularly large data base management packages, graphics and statistics packages, and upgraded network and microcomputer operating systems). Many of the Bureau's statistical processes that run on the existing Honeywell mainframe are written in computer programming languages that will not run on the LAN (or any modern computer system) and all of these processing systems must be rewritten. As part of the re-engineering initiative, BEA will redesign as well as rewrite these processes so as to take advantage of current, as well as anticipated advances in, data collection and processing technology.

This initiative includes costs for these hardware and software upgrades, as well as personnel.

QUESTION:

Has BEA done a requirement analysis for a new information system? What is expected to be the total cost for this initiative? When will the process be completed, and what is the final product expected to be?

ANSWER:

BEA did a requirements analysis for the local area network (LAN) and did a concept study for the downsizing of all processing systems to the LAN. Total cost for this multi-year initiative is expected to be approximately $15,100,000. The target date for having all systems completely redesigned and in production on the LAN is FY98. The final product will be an integrated, state-of-art, data processing environment for all national, regional, and international economic programs at BEA. This initiative will provide the following:

a) An information infrastructure that will allow BEA economists to process source data and produce estimates more rapidly and analyze the results more effectively. This infrastructure will provide for standardized data transfer and on-line interactive editing and processing systems for primary and secondary source data across the national, regional, and international programs. This will result in more timely and, in the long run, higher quality estimates.

b) A data management system that will provide information in a consistent, easily accessible, easy-to-reformat structure. This will allow BEA to provide its data to clients and the public in virtually any format and on any medium they wish, including on-line via the proposed national information infrastructure. This will provide an increase in the accuracy and quality of analytical and data products; and an increase in the accessibility and utility of BEA's products for data users.

c) An electronic data collection system that will allow respondents to our various direct investment and international services surveys to respond electronically, to correct their responses immediately, and to obtain other assistance from BEA in responding to our surveys. This will provide a reduction in respondent burden and provide more accurate and timely data to BEA.

QUESTION:

How does this effort relate to the CASIC (Computer Assisted Survey Information Collection) program proposed for the Census Bureau?

ANSWER:

This effort has no connection to the proposed CASIC program at the Bureau of the Census. CASIC's is oriented to field collection of demographic information that is provided on an interview basis to a Census taker. BEA's effort is oriented to the full range of BEA's in-house computing capabilities, of which survey processing is a very small part. In addition, BEA's survey processing is more akin to the Internal Revenue Service's tax return processing than a Census taker's field interviews.

QUESTION:

Will this BEA initiative rely on high performance computing capacity? If so, will BEA require a separate high performance computer?

ANSWER:

This initiative relies on state-of-the-art processing via a local area network and will not require a separate high performance computer. In addition, as noted above, much of the hardware infrastructure is already available within BEA.

Administrative Savings and FTE Reduction

QUESTION:

What has been the impact of the executive orders on FTE and administrative reductions on the ongoing operations of the Economics and Statistics Administration?

ANSWER:

ESA has taken steps to change the way we do business in order bring these budget savings to a reality, and to achieve the Administration's goal to do better with less. Administrative procedures and costs undergo a scrutiny that is more broad since the opportunity for change now encompasses areas previously out of bounds. For example, personnel processes are beginning to change and should change more in the future as simpler, more straight forward personnel regulations are put into place.

QUESTION:

What were your original requests to the Department and to OMB for this account, what items were eliminated from those requests, and what will be the impact of those reductions on your ongoing operations?

ANSWER:

Our request to the Department was $69.5 million, and to OMB $58.0 million, as compared to the request to Congress of $56.1 million.

	$69.5
Efforts to strengthen existing BEA program funded by reprogramming	-.8
Some new initiatives were scaled back, delayed, or dropped due to low priority	-10.6
Some of the costs for BEA to re-engineer its data gathering process were originally expected in 1995; they are now expected in 1996.	-2.0

Status of ESA Appointments

QUESTION:

What is the status of Presidential appointments to positions in the Economics and Statistics Administration, including the Director of the Census Bureau?

ANSWER:

The nomination for the position of Under Secretary for Economic Affairs has been reported out of Committee, and the nominee is awaiting Senate confirmation.

While the search for a candidate qualified to fill the position of Director of the Bureau of the Census has been protracted, we expect to have a nominee shortly.

WEDNESDAY, APRIL 13, 1994.

BUREAU OF THE CENSUS

WITNESSES

HARRY A. SCARR, ACTING DIRECTOR, BUREAU OF THE CENSUS

PAUL A. LONDON, ACTING UNDER SECRETARY FOR ECONOMIC AFFAIRS

SALLY C. ERICSSON, ASSOCIATE UNDER SECRETARY FOR ECONOMIC AFFAIRS

F.T. KNICKERBOCKER, EXECUTIVE DIRECTOR, ECONOMICS AND STATISTICS ADMINISTRATION

JOSEPH P. BELLOMO, ASSISTANT COMPTROLLER, BUDGET, BUREAU OF THE CENSUS

MARK E. BROWN, DIRECTOR, OFFICE OF BUDGET

Mr. MOLLOHAN. The second item we will consider this afternoon is the fiscal year 1995 budget request for the Bureau of the Census, which is part of the Economics and Statistics Administration at the Department of Commerce.

The request is for a total of $306,385,000 as follows: $147,385,000 for Salaries and Expenses; and $159 million for Periodic Censuses and Programs. The total is an increase of $68,099,000 above the amounts appropriated for fiscal year 1994. We will insert your justifications submitted in support of this request into the record.

[The justifications follow:]

Exhibit 1

Department of Commerce
Bureau of the Census

BUDGET ESTIMATES, FISCAL YEAR 1995
CONGRESSIONAL SUBMISSION

Table of Contents

Exhibit Number	Exhibit:	Page Number
2	Organization chart	CEN-1
3	General statement	CEN-3

Salaries and Expenses:

Exhibit Number	Exhibit:	Page Number
5	Summary of resource requirements	CEN-9
13	Changes for FY 1995 administrative and FTE savings	CEN-11
14	Program change personnel detail	CEN-14
15	Program changes detail by object class	CEN-15
13	Changes for FY 1995 data sales	CEN-16
15	Program changes detail by object class	CEN-17
7	Summary of financing	CEN-19
8	Adjustments to base	CEN-21
9	Justification of adjustments to base	CEN-22

Current economic statistics

Exhibit Number	Exhibit:	Page Number
10	Program and Performance: direct obligations	CEN-27
12	Justification of program and performance	CEN-29
	Business statistics	CEN-29
13	Increase for FY 1995	CEN-33
14	Program change personnel detail	CEN-35
15	Program change detail by object class	CEN-36
	Construction statistics	CEN-37
13	Increase for FY 1995	CEN-40
14	Program change personnel detail	CEN-42
15	Program change detail by object class	CEN-43
	Manufacturing statistics	CEN-45
13	Increase for FY 1995	CEN-50
14	Program change personnel detail	CEN-51
15	Program change detail by object class	CEN-52
	General economic statistics	CEN-53
13	Increase for FY 1995	CEN-57
14	Program change personnel detail	CEN-59
15	Program change detail by object class	CEN-60
	Foreign trade statistics	CEN-61
	Government statistics	CEN-65

Current demographic statistics

Exhibit Number	Exhibit:	Page Number
10	Program and Performance: direct obligations	CEN-69
12	Justification of program and performance	CEN-71

Exhibit Number	Exhibit:	Page Number
	Household surveys	CEN-71
	Population and housing analyses	CEN-77
	Survey development and data services	
10	Program and Performance: direct obligations	CEN-81
12	Justification of program and performance	CEN-82
	Survey development and data services	CEN-82
16	Summary of requirements by object class	CEN-85
17	Detailed requirements by object class	CEN-87
33	Appropriation Language and Code Citations	CEN-91
34	Consulting and Related Services	CEN-93

Periodic Censuses and Programs:

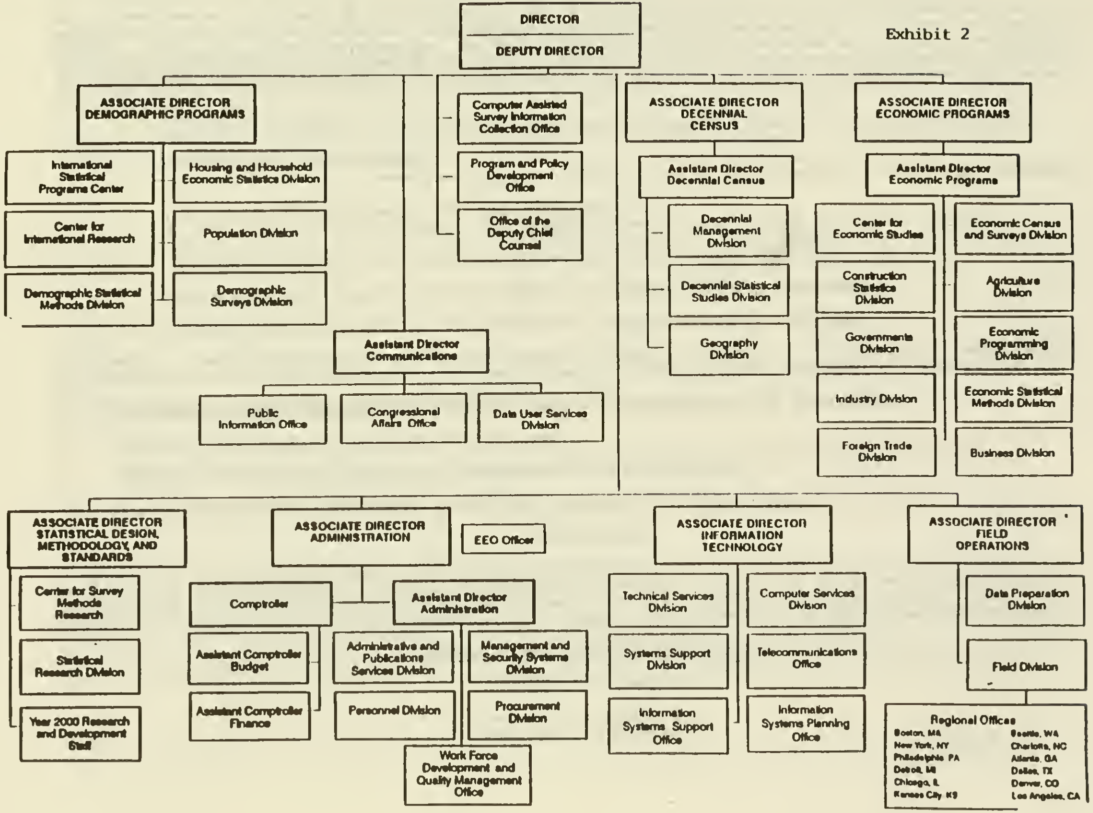
Exhibit Number	Exhibit	Page Number
5	Summary of resource requirements	CEN-95
13	Changes for FY 1995 administrative and FTE savings	CEN-97
14	Program change personnel detail	CEN-100
15	Program changes detail by object class	CEN-101
7	Summary of financing	CEN-103
8	Adjustments to base	CEN-105
9	Justification of adjustments to base	CEN-106
	Economic censuses	
10	Program and Performance: direct obligations	CEN-111
12	Justification of program and performance	CEN-112
	Census of governments	
10	Program and Performance: direct obligations	CEN-117
12	Justification of program and performance	CEN-118
	Census of agriculture	
10	Program and Performance: direct obligations	CEN-121
12	Justification of program and performance	CEN-122
	Intercensal demographic estimates	
10	Program and Performance: direct obligations	CEN-127
12	Justification of program and performance	CEN-128
	1990 Decennial census	
10	Program and Performance: direct obligations	CEN-131
12	Justification of program and performance	CEN-132
	Decennial census	
10	Program and Performance: direct obligations	CEN-133
12	Justification of program and performance	CEN-134
14	Program change personnel detail	CEN-145
15	Program change detail by object class	CEN-147

Exhibit Number	Exhibit:	Page Number
	Sample redesign	
10	Program and Performance: direct obligations	CEN-151
12	Justification of program and performance	CEN-152
	Computer-assisted survey information collection (CASIC)	
10	Program and Performance: direct obligations	CEN-153
12	Justification of program and performance	CEN-154
13	Increase for FY 1995	CEN-155
14	Program change personnel detail	CEN-158
15	Program change detail by object class	CEN-159
	Geographic support	
10	Program and Performance: direct obligations	CEN-161
12	Justification of program and performance	CEN-162
	Data processing systems	
10	Program and Performance: direct obligations	CEN-167
12	Justification of program and performance	CEN-168
13	Increase for FY 1995	CEN-171
15	Program change detail by object class	CEN-173
16	Summary of requirements by object class	CEN-175
17	Detailed requirements by object class	CEN-177
18	Activity/subactivity change crosswalk (Pt. I - 94 Structure)	CEN-181
19	Activity/subactivity change crosswalk (Pt. II - 95 Structure)	CEN-182
33	Appropriation Language and Code Citations	CEN-183
34	Consulting and Related Services	CEN-185
	Bureau Exhibits:	
6	Summary of reimbursable obligations	CEN-187
35	Periodicals, Pamphlets, and Audiovisual	CEN-197
36	Average Grade and Salaries	CEN-198

U.S. Department of Commerce
Bureau of the Census

December 23 1992

Exhibit 2


DIRECTOR
DEPUTY DIRECTOR
ASSOCIATE DIRECTOR DEMOGRAPHIC PROGRAMS
International Statistical Programs Center
Center for International Research
Demographic Statistical Methods Division
Housing and Household Economic Statistics Division
Population Division
Demographic Surveys Division
Computer Assisted Survey Information Collection Office
Program and Policy Development Office
Office of the Deputy Chief Counsel
Assistant Director Communications
Public Information Office
Congressional Affairs Office
Data User Services Division
ASSOCIATE DIRECTOR DECENNIAL CENSUS
Assistant Director Decennial Census
Decennial Management Division
Decennial Statistical Studies Division
Geography Division
ASSOCIATE DIRECTOR ECONOMIC PROGRAMS
Assistant Director Economic Programs
Center for Economic Studies
Construction Statistics Division
Governments Division
Industry Division
Foreign Trade Division
Economic Census and Surveys Division
Agriculture Division
Economic Programming Division
Economic Statistical Methods Division
Business Division
ASSOCIATE DIRECTOR STATISTICAL DESIGN, METHODOLOGY, AND STANDARDS
Center for Survey Methods Research
Statistical Research Division
Year 2000 Research and Development Staff
ASSOCIATE DIRECTOR ADMINISTRATION
EEO Officer
Comptroller
Assistant Comptroller Budget
Assistant Comptroller Finance
Assistant Director Administration
Administrative and Publications Services Division
Personnel Division
Management and Security Systems Division
Procurement Division
Work Force Development and Quality Management Office
ASSOCIATE DIRECTOR INFORMATION TECHNOLOGY
Technical Services Division
Systems Support Division
Information Systems Support Office
Computer Services Division
Telecommunications Office
Information Systems Planning Office
ASSOCIATE DIRECTOR FIELD OPERATIONS
Data Preparation Division
Field Division
Regional Offices
Boston, MA
New York, NY
Philadelphia PA
Detroit, MI
Chicago, IL
Kansas City KS
Seattle, WA
Charlotte, NC
Atlanta, GA
Dallas, TX
Denver, CO
Los Angeles, CA

CEN-1

Exhibit 3

Department of Commerce
Bureau of the Census

GENERAL STATEMENT

MISSION OF THE BUREAU OF THE CENSUS

In its best interests, a civilized nation counts and profiles its people and institutions. Doing so ably and objectively is the abiding mission of the United States Census Bureau. We honor privacy, shun partisanship, invite scrutiny, and share our expertise globally. Striving to excel, we chronicle the Nation's past, describe its present, and illuminate its future.

BUREAU GOALS

For the next several years, the Census Bureau will focus on three basic themes:

- IMPLEMENT THE ECONOMIC INFORMATION INFRASTRUCTURE INITIATIVE (EI^3)
- IMPLEMENT DECADE INITIATIVES FOR THE YEAR 2000
- IMPLEMENT NATIONAL PERFORMANCE REVIEW AND COMMERCE PERFORMANCE REVIEW IMPROVEMENTS

The Census Bureau's continuing goal is to provide customers quality, timely economic and demographic information to meet current and emerging needs effectively and efficiently. Our primary customers include:

- Federal policy officials at all levels and in all branches of government.
- State and local officials in both general and special purpose governments.
- A broad spectrum of the educational, academic, and research community.
- A vast array of public, private and business institutions -- small and large -- mining, manufacturing, high-technology, and services, etc.
- A growing number of users interested in international or multi-national economic and demographic characteristics and trends.
- The general public for decisions and analyses for personal, family, and community related matters.

Today's policy and decision makers -- in the executive and legislative branches of the Federal government, in State and local governments, and in the private sector -- operate in an increasingly complex world, and require current and correct information. As policy and decision makers consider and evaluate legislative, regulatory, and investment decisions, they depend, in large part, on the statistical information provided by the Census Bureau. Although our statistical system is among the finest in the world, serious gaps exist for the rapidly changing areas of our society where information is urgently needed. The Census Bureau seeks to meet these new needs while preserving, and in some cases, enhancing ongoing core programs.

INTRODUCTION TO FY 1995 BUDGET

The FY 1995 President's budget request for the Census Bureau is $306.4 million, 4,076 permanent positions, and 4,934 FTE. Compared with the FY 1994 amount currently available, the FY 1995 request represents an increase of $68.1 million, 396 permanent positions and 487 FTE. This request also includes a net $19.2 million for program initiatives, which includes increased data sales of $2 million.

The following summary provides a comparison between the FY 1994 funds currently available (includes transfer) and the FY 1995 estimate, and the related data on current employment.

(Dollars in thousands)

	1994 Currently Avail.		1995 Estimate		Inc.(+)/Dec.(-)	
	Perm. Pos.	Amount	Perm. Pos.	Amount	Perm. Pos.	Amount
Salaries and Expenses............	2,043	$128,286	2,343	$147,385	300	$19,099
Periodic Censuses and Programs...	1,637	110,000	1,733	159,000	96	49,000
Total	3,680	$238,286	4,076	$306,385	396	$68,099

The FY 1995 estimate includes program initiatives, offset by administrative savings, FTE savings, and offsetting collections from data sales.

- Pursuant to Executive Order 12837 on Deficit Control and Productivity Improvement in the Administration of the Federal Government, we have a FY 1995 incremental savings of $1,561,000.
- Pursuant to Executive Order 12839 on Reduction of 100,000 Federal positions, we have FY 1995 incremental savings of $4,217,000, 114 permanent positions, and 127 FTE ($2,687,000 and 77 FTE Direct, and $1,530,000 and 50 FTE Reimbursables).
- The Bureau of the Census will address pricing issues, allowing the Bureau to charge more than the marginal cost of data dissemination, and generating up to $2 million in revenues to offset program costs.

The FY 1995 request reflects the immense statistical tasks facing the Census Bureau.

The FY 1995 request for the Salaries and Expenses appropriation includes $14.5 million in adjustments to base, and a net $6.6 million in program initiatives for the Economic Information Infrastructure Initiative

(EI^3). The initiatives include an additional $8.6 million for improved statistics for services industries, construction, improved environmental statistics, and restructuring the Standard Industrial Classification (SIC) System, and are offset by a $2 million increase in data sales.

The Periodic Censuses and Programs appropriation includes $12.5 million in program increases, and a zero-based budget of $48.6 million for the 2000 Decennial Census. In the Decennial Census, we will focus on conducting the 1995 census test in order to select by December 1995 the features that we will use in the 2000 Decennial Census. The co-operative project with the United States Postal Service to create a Master Address File, which was begun in FY 1994, will continue in FY 1995 at a cost of $35.1 million. Program initiatives for FY 1995 in Periodic Censuses and Programs include Computer Assisted Survey Information and Collection (CASIC) ($7.4 million), to evaluate and develop effective automation of the labor-intensive processes involved in survey- and census-taking, and Mid-Decade [Computer] Modernization ($5.1 million), to provide the open computing support required by CASIC as it evolves into new survey and census processing methods and techniques.

HIGHLIGHTS OF FY 1995 REQUEST

The FY 1995 program changes for the Census Bureau by appropriation, and a brief summary of each of these current and periodic program changes are as follows:

Salaries and Expenses:

For FY 1995, the budget request for the Census Bureau includes program initiatives of $8.6 million, 179 permanent positions, and 153 FTE, and a program initiative to increase revenue from data sales by $2 million. The budget request includes reductions of $1,527,000 and 43 FTE pursuant to Administrative Order 12839, and $498,000 pursuant to Administrative Order 12837.

Current economic statistics:

Business statistics: Improved and expanded service statistics (77 permanent positions, 75 FTE, and $3.8 million). Service industry data are critical to measure accurately overall economic activity. Improved economic measures must include the activities of industries experiencing dynamic growth and change when they first occur, not as a revision based on later secondary information. This request directly contributes to the goals of the EI^3 by providing new and immediate data on the complex domestic service sector to improve Gross Domestic Product (GDP) measures.

The components of this request are:

- Begin annual collection of data on services purchased by industry, to provide users with more accurate and reliable estimates of value added in manufacturing.

- Begin collection of quarterly corporate profits data for the services sector; these data are essential to the calculation of the GDP.

- Expand annual survey coverage to include additional transportation industries and provide detailed annual measures of industry output and expenditures for business, recreation, and health services industries; these data are critical for improving measures of GDP, input-output accounts, productivity, and prices.

Construction statistics: Improvement of construction statistics (32 permanent positions, 24 FTE, $1.3 million). This initiative is designed to correct serious deficiencies in the measurement of the value of new construction collected in the Value in Place (VIP) series and would contribute significantly to the goals of the EI[3]. The data quality of this economic indicator is not adequate for the increased importance which it has assumed. The initiative will improve coverage of non-residential reconstruction; development, testing, and implementation of a survey to collect nonresidential building price information; and research and development of new techniques and methods to measure construction done at manufacturing and industrial sites.

Manufacturing statistics: Improved environmental statistics (18 permanent positions, 15 FTE, $1.1 million). New and changing regulations addressing environmental quality control are affecting the levels and patterns of business spending on pollution abatement and prevention. Environmental data collection must expand to provide information needed to monitor economic performance, help Congress assess the impact of environmental regulations on the competitiveness of U.S. businesses, and to respond to economic challenges. This initiative will add the collection of operating cost data to pollution equipment capital expenditures, and expand the coverage to additional nonmanufacturing industries to cover such pollution abatement activities as medical waste disposal and private trash disposal operations. The new data on environmental activity will contribute to the development of a new satellite account for Green GDP.

General economic statistics: Restructuring the Standard Industrial Classification (SIC) System (52 permanent positions, 39 FTE, $2.4 million). The basic structure of the SIC has remained unchanged since it was developed in the 1930s. Rapid changes have characterized the U.S. economy, which has moved from a manufacturing based economy to one dominated by the service sector and international activity. Without restructuring, data based on the SIC no longer measure accurately the structure of this dynamic, global economy; this initiative will develop a restructured industry classification system and create a commodity classification system for the United States.

Periodic Censuses and Programs:

This budget request includes program initiatives for $12.5 million, and an estimated $2.8 million for recovery of prior year obligations. The budget request includes reductions of $1,160,000 pursuant to Administrative Order 12839, and $1,063,000 pursuant to Administrative Order 12837.

Computer-Assisted Survey Information Collection (116 permanent positions, 87 FTE, $7.4 million). The initiative for Computer-Assisted Survey Information Collection (CASIC) will maximize the use of automation and telecommunications to integrate collection, capture, and processing of data. This integration will increase cost efficiency; enhance data quality; provide more complete and timely management information; and increase the timeliness and cost efficiency of processing operations. The CASIC program will evaluate and develop effective automation of the labor-intensive processes involved in survey- and census-taking in the demographic and economic statistics program areas of the Census Bureau.

Mid-decade (Computer) Modernization (0 permanent positions, 0 FTE, $5.1 million). The quality, timeliness, and information value of census and survey data products are currently limited by inadequate interoperability among the mainframe, mini, workstation and desk-top computing platforms, and by the inability of obsolete platforms to support modern software tools. This initiative will provide open, non-proprietary computer environments that incorporate both industry and organizational standards that enable common methods of accessing data and moving information from computers to customers. The Bureau will replace obsolete desk-top devices with standard devices, acquire low-cost systems for standard user service functions currently provided by the mainframe environment, license commercial software that operates across multi-vendor platforms and supports user reengineering of applications, to provide the open computing support required by CASIC as it evolves into new survey and census processing methods and techniques..

The 2000 Decennial Census has a zero-based budget (551 permanent positions, 892 FTE, $48.6 million) which will allow us to complete the Research and Development Program for the 2000 census, and initiate a low level of effort for the 2010 census; begin operational planning for the 2000 census; and conduct a full census test program to evaluate fundamental changes in the census design. The census test is critical to determine the design of the 2000 census by December 1995. We will attempt to improve the cost effectiveness of the census; achieve appropriate levels of accuracy for the data; reduce and simplify the work in the basic decennial census and lessen its logistical requirements; take advantage of new technology; ensure that respondent burden levels are reasonable; improve the manageability of the census; diversify and reduce the risks now centralized in one large operation conducted only once a decade; and develop and implement geographic programs to update political, statistical, and administrative areas required for the census.

Exhibit 5

Department of Commerce
Bureau of the Census
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	FTE	Amount
	Appropriation, 1994	2,043	2,454	$128,286
CEN-	plus: 1995 adjustments to base	154	158	15,379
	less: Computer Assisted Centers - IG Savings	(3)	(3)	(300)
	less: Transfer to National Trade Data Bank Revolving Fund			(599)
	1995 Base	2,194	2,609	142,766
	less: Administrative savings			(498)
	less: FTE savings	(30)	(43)	(1,527)
	plus: 1995 program changes	179	153	6644
	1995 Estimate	2,343	2,719	147,385

	Comparison by activity/subactivity: with totals by activity		1993 Actual Personnel	1993 Actual Amount	1994 Currently Available Personnel	1994 Currently Available Amount	1995 Base Personnel	1995 Base Amount	1995 Estimate Personnel	1995 Estimate Amount	Increase/ (Decrease) Personnel	Increase/ (Decrease) Amount
	Current surveys and statistics											
CEN-	Current economic statistics	Pos./BA	1,272	$77,301	1,342	$78,032	1,435	$87,029	1,593	$93,294	158	$6,265
		FTE/Oblig	1,356	76,936	1,434		1,528		1,653		125	
CEN-	Current demographic statistics	Pos./BA	604	46,864	647	47,039	705	52,142	697	50,601	(8)	(1,541)
		FTE/Oblig	922	46,746	964		1,025		1,011		(14)	
CEN-	Survey development and data services	Pos./BA	50	3,195	54	3,215	54	3,595	53	3,490	(1)	(105)
		FTE/Oblig	53	3,062	56		56		55		(1)	
	Total	Pos./BA	1,926	127,360	2,043	128,286	2,194	142,766	2,343	147,385	149	4,619
		FTE/Oblig	2,331	126,744	2,454		2,609		2,719		110	
	Financing from transfers:											
	Transfer from other accounts			(3,405)								
	Transfer to other accounts											
	Appropriation	Pos.	1,926	123,955	2,043	128,286	2,194	142,766	2,343	147,385	149	4,619

Department of Commerce
Bureau of the Census
Salaries and Expenses
Administrative Savings for 1995
(Dollar amounts in thousands)

Exhibit 13

	1995 Base		1995 Estimate		Increase/(Decrease)			
					Other Changes		Admin. Savings	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Salaries and Expenses	2609	$142,766	2719	$147,385	153	$5,117	0	($498)

Activity: Current surveys and statistics
Subactivity: Current economic statistics (-$253)
Current demographic statistics (-$232)
Survey development and data services (-$13)

Administrative Savings -- Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government. All object classes except for personnel compensation, GSA space and equipment were effected.

	1995	1996	1997	1998	1999
Cost and Benefits:					
Direct Obligations:					
Uncapitalized	(498)	(1,008)	(1,880)	(1,880)	(1,880)
Budget Authority	(498)	(1,008)	(1,880)	(1,880)	(1,880)
Outlays	(374)	(841)	(1,621)	(1,811)	(1,880)
FTE	0	0	0	0	0

Note: Other Changes includes FTE savings and program increases.

Department of Commerce
Bureau of the Census
Salaries and Expenses
ADMINISTRATIVE SAVINGS FOR FY 1995 BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 15

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Current demographic statistics
Survey development and data services
Program Change: Administrative Savings

Object Class		1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12.1	Civilian personnel Benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	(66)
22	Transportation of things	(7)
23.1	Rental payments to GSA	0
23.2	Rental payments to others	(25)
23.3	Communications, utilities and miscellaneous charges	(93)
24	Printing and reproduction	(19)
25.1	Consulting services	(10)
25.2	Other services	(220)
26	Supplies and materials	(58)
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	(498)

Department of Commerce
Bureau of the Census
Salaries and Expenses
FTE SAVINGS FOR 1995
(Dollar amounts in thousands)

Exibit 13

	1995 Base		1995 Estimate		Increase/(Decrease)			
					Other Changes		FTE Savings	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Salaries and Expenses	2609	$142,766	2719	$147,385	110	$6,146	(43)	($1,527)

Activity: Current surveys and statistics
Subactivity: Current economic statistics (-28 FTE, -$982)
Current demographic statistics (-14 FTE, -$505)
Survey development and data services (-1 FTE, -$40)

FTE Savings -- Pursuant to the Executive Order on Reduction of 100,000 Federal Positions. Object class for personnel compensation was affected.

	1995	1996	1997	1998	1999
Cost and Benefits:					
Direct Obligations:					
Uncapitalized	(1,527)	(1,527)	(1,527)	(1,527)	(1,527)
Budget Authority	(1,527)	(1,527)	(1,527)	(1,527)	(1,527)
Outlays	(1,145)	(1,405)	(1,527)	(1,527)	(1,527)
FTE	(43)	(43)	(43)	(43)	(43)

Note: Other Changes includes administrative savings and program increases.

Department of Commerce
Bureau of the Census
Salaries and Expenses
FTE SAVINGS FOR FY 1995 PERSONNEL DETAIL

Exhibit 14

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Current demographic statistics
Survey development and data services
Program Change: FTE Savings

Title:	Grade	Number	Annual Salary	Total Salaries
Statistician	14	(1)	59,022	(59,022)
Statistician	13	(2)	49,947	(99,894)
Statistician	12	(2)	42,003	(84,006)
Management analyst	12	(5)	42,003	(210,015)
Statistician	11	(7)	35,045	(245,315)
Program analyst	11	(3)	35,045	(105,135)
Management analyst	9	(3)	28,964	(86,892)
Statistician	7	(4)	23,678	(94,712)
Computer operator	5	(3)	19,116	(57,348)
Total		(30)		(1,042,339)
Total full-time permanent		(30)		(1,042,339)
Total				

Personnel Data	Number
Full-Time Equivalent Employment:	
Full-time permanent	(30)
Other than full-time permanent	(13)
Total	(43)
Authorized Positions:	
Full-time permanent	(30)
Other then full-time permanent	(13)
Total	(43)

Department of Commerce
Bureau of the Census
Salaries and Expenses
FTE SAVINGS FOR FY 1995 BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 15

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Current demographic statistics
Survey development and data services
Program Change: FTE Savings

Object Class		1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	($1,042)
11.3	Other then full-time permanent	(218)
11.5	Other personnel compensation	(15)
11.8	Special personnel services payments	(2)
11.9	Total personnel compensation	(1,277)
12.1	Civilian personnel Benefits	(250)
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Consulting services	0
25.2	Other services	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	(1,527)

Exhibit 13

Department of Commerce
Bureau of Census
Salaries and Expenses
DECREASE FOR FY 1995
(Dollar amounts in thousands)

	FY 1995 Base		FY 1995 Estimate		Increase/ (Decrease)	
	FTE	Amount	FTE	Amount	FTE	Amount
Offsetting Collections from Census Data Sales....	0	0	0	($2,000)	0	($2,000)

The Census Bureau provides numerous products and services to the public. User fees are established for these products and follow prescribed guidelines from OMB Circular A-25 and A-130. User fee products are based either on user (customer) specifications or as "fee" products published each year in the Federal Register.

Up until FY1995 the price of Census data sold to the public only reflected the full cost of dissemination. This proposal would allow Census to offset a small portion of the total costs of data collection and processing, based on market demand for general public use purposes, through increasing the cost of "fee" products with the proceeds available directly to the Census Bureau to offset the appropriation.

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 15

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Current demographic statistics
Survey development and data services
Program Change: Offsetting Collections from Census Data Sales

Object Class		1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12.1	Civilian personnel Benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	(325)
22	Transportation of things	(18)
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	(342)
24	Printing and reproduction	(169)
25.1	Consulting services	(41)
25.2	Other services	(843)
26	Supplies and materials	(145)
31	Equipment	(117)
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	(2,000)

Department of Commerce
Bureau of the Census
Salaries and Expenses
SUMMARY OF FINANCING
(Dollar amounts in thousands)

Exhibit 7

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ Decrease
	Amount	Amount	Amount	Amount	Amount
Total Obligation (includes transfer received)	$261,388	$294,286	$296,766	$301,385	$4,619
Financing:					
Offsetting collections from:					
Federal funds	(125,263)	(154,000)	(141,000)	($141,000)	
Non-Federal sources	(9,381)	(12,000)	(13,000)	($13,000)	0
Recoveries					
Unobligated balance, start of year					
Unobligated balance transferred					
Unobligated balance, end of year					
Unobligated balance lapsing	616				
Budget Authority	127,360	128,286	142,766	147,385	4,619
Financing:					
Transfer from other accounts	(3,405)				
Transfer to other accounts					
Appropriation	123,955	128,286	142,766	147,385	4,619

Department of Commerce
Bureau of the Census
Salaries and Expenses
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

Exhibit 8

Adjustment	Positions	FTE	Amount
Transfer from Census to ESA			($599)
Financing			
Computer Assisted Centers -- IG Savings	(3)	(3)	(300)
Other Changes:			
1994 Locality Pay Raise			3,834
1995 Pay Raise			1,136
Continuation of 1994 operating levels	152	156	5,500
Within-grade step increases			981
One less compensable day			(365)
Civil service retirement contributions (CSRS)			(21)
Federal Employees' Retirement System (FERS)			38
Thrift Savings Plan			169
Federal Insurance Contribution Act (FICA) - OASDI			11
Health insurance			300
Employees' Compensation Fund			380
Travel:			
Per diem			64
Rental payments to GSA			359
Other services:			
Working Capital Fund			2,293
Audit costs	2	2	593
Printing and reproduction			58
Supplies and materials			49
Subtotal, other changes	154	158	15,379
Total, adjustments to base	151	155	14,480

Exhibit 9

Department of Commerce
Bureau of the Census
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	Perm Pos.	Amount
Transfer from Census to ESA		($599)

Census will transfer $599,000 to Economic and Statistics Administration (ESA) to fund a revolving fund for the National Data Bank.

	Perm Pos.	Amount
Computer Assisted Centers--Inspector General (IG) Savings	(3)	(300)

Based on the IG recommendation we will lower our operational expenses by $300,000 at the Hagerstown Telephone Center.

Pay raises

	Perm Pos.	Amount
1994 Locality pay raise		4,970

A locality pay raise was implemented in January 1994.

Total cost in 1995 of 1994 locality pay raise	$3,711,000
Less amount funded in 1994	0
Less amount absorbed	0
Amount requested in 1995 to provide full year cost of 1994 locality pay raise	3,711,000
Payment to Working Capital Fund	+ 123,000
Total, adjustment for 1994 locality pay raise	3,834,000

1995 pay increase and related costs:

A combination ECI and locality pay increase of 1.6% is assumed to be effective January 1, 1995.

Total cost in 1995 of payraise	$1,100,000
Less amount absorbed in FY 1995	- 0
Amount requested for 1995 pay increase	1,100,000
Payment to Working Capital Fund	+ 36,000
Total, adjustment for 1995 pay increase	1,136,000

	Perm Pos.	Amount
Continuation of 1994 operating levels	152	$5,500

This increase is required to maintain 1994 base program activity. We cannot absorb this reduction in Salaries and Expenses without disrupting longstanding economic and demographic data collection and reporting for the nation. This will affect Bureau of Economic Analysis (BEA) and many other monthly, quarterly and annual data users.

	Perm Pos.	Amount
Within-grade step increase		981

An increase of $981,204 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 1995.

Estimated number of within-grade step increases	1,376
Step increases not earned due to turnover (8.1% x 1,376)	111
Average step above step 1 per separation	3
Average cost per within-in grade step increase	816
Gross cost of scheduled step increase ($816 x 1,376)	1,122,816
Less savings due to separations ($816 x 111 x 3)	-271,728
Subtotal, personnel compensation	851,088
Benefits	130,116
Total adjustment-to-base	981,204

	Perm Pos.	Amount
One less compensable day		(365)

The decreased cost of one less compensable day in FY 1995 compared to FY 1994 is calculated by dividing the FY 1996 estimated personnel compensation ($82,678,000) and applicable benefits ($12,639,000) by 261 compensable days. The cost of one less compensable day is $365,199.

	Perm Pos.	Amount
Civil Service Retirement System (CSRS)		(21)

The number of employees covered by Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 57.3% in 1994 to 56.9% in 1995. Contribution rates will remain the same.

		Perm Pos.	Amount
Regular employees:			
1995 $74,405,000 x .569 x .07	2,963,551		
1994 $74,405,000 x .573 x .07	2,984,385		
Total adjustment-to-base	-20,834		
Federal Employees' Retirement System (FERS)			$38

The number of employees covered by FERS will continue to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. We estimate that the percentage of payroll of employees covered by FERS will rise from 42.7% in 1994 to 43.1% in 1995. The contribution rate will remain the same.

Regular employees:			
1995 $74,405,000 x .431 x .129	$4,136,844		
1994 $74,405,000 x .427 x .129	4,098,451		
Total adjustment-to-base	38,393		
Thrift Savings Plan (TSP)			169

The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. Based on recent payroll data, the contribution rate is 3.5% compared with the 3% used in the 1994 President's Request.

Regular employees:			
1995 $74,405,000 x .431 x .035	$1,122,399		
1994 $74,405,000 x .427 x .03	953,128		
Total adjustment-to-base	169,271		
Federal Insurance Contributions Act (FICA)			11

As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will rise from $60,150 in 1994 to $61,050 in 1995. The OASDI tax rate will remain 6.2% in 1995.

Regular employees covered by FERS			
1994 $74,405,000 x .431 x .968 x .062	1,924,626		
1993 $74,405,000 x .427 x .971 x .062	1,912,674		
Subtotal	11,952		

		Perm Pos.	Amount
Other employees not covered by a retirement system			
1995 $2,932,000 x .968 x .062	175,967		
1994 $2,932,000 x .971 x .062	176,512		
Subtotal	-545		
Total adjustment-to-base	11,407		
Health Insurance			$300

Effective January 1993, this bureau's contribution to Federal employees' health insurance premiums increased by 9.5%. Applied against the 1994 estimate of $3,163,000 the additional amount required is $300,485.

		Perm Pos.	Amount
Employee Compensation Fund			380

The increase in the repayment to the Employee's Compensation Fund is the result of higher costs in the year ending June 30, 1993, than in the year ending June 30, 1992. The FY 1993 charges of $1,500,456 will be reimbursed to the Department of Labor Employee's Compensation Fund in FY 1995 pursuant to 5 USC 8147. The 1993 bill was $1,120,000.

		Perm Pos.	Amount
Per diem Increase			64

Effective March 1993, the General Services Administration raised per diem rates. This increase results in a 4.3% increase to this bureau. This percentage was applied to the 1994 estimate of $1,499,000 to arrive at an increase of $64,457.

		Perm Pos.	Amount
Rental Payment to GSA			359

The increase in the GSA estimate from FY 1994 to FY 1995 would require an increase of $358,611.

		Perm Pos.	Amount
Working Capital Fund			2,293

An additional $2,293,000 is required to fund cost increases in the General Administration's Working Capital Fund.

		Perm Pos.	Amount
Audit Cost		2	593

An additional $593,000 is required for the auditing of financial statements as required by the CFO Act.

	Perm Pos.	Amount
GPO Printing		$58
GPO has provided an estimated rate increase of 3.0%. This percentage was applied to the 1994 estimate of $1,940,000 to arrive at an increase of $58,200.		
Supplies and materials		49
Based on the GDP deflator of 2.8%, the cost of supplies and materials is expected to increase by $49,112 from the 1994 estimate of $1,754,000.		
Total	151	$14,480

Exhibit 10

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Current surveys and statistics
Subactivity: Current economic statistics

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Business statistics	Pos./BA	308	$17,739	321	$17,939	342	$20,314	414	$23,657	72	$3,343
	FTE/Oblig.	322	$17,583	335		357		424		67	
Construction statistics	Pos./BA	146	8,673	155	8,747	166	9,821	195	10,867	29	1,046
	FTE/Oblig.	159	8,659	172		183		204		21	
Manufacturing statistics	Pos./BA	240	15,461	255	15,607	272	17,381	285	17,958	13	577
	FTE/Oblig.	256	15,399	274		291		301		10	
General economic statistics	Pos./BA	156	11,449	165	11,548	180	12,432	229	14,485	49	2,053
	FTE/Oblig.	182	11,131	195		210		245		35	
Foreign trade statistics	Pos./BA	326	18,464	347	18,638	369	20,800	365	20,217	(4)	(583)
	FTE/Oblig.	343	18,829	359		381		375		(6)	
Government statistics	Pos./BA	96	5,515	99	5,553	106	6,281	105	6,110	(1)	(171)
	FTE/Oblig.	92	5,335	99		106		104		(2)	
Total	Pos./BA	1,272	77,301	1,342	78,032	1,435	87,029	1,593	93,294	158	6,265
	FTE/Oblig.	1,354	76,936	1,434		1,528		1,653		125	

Note: The increase/decrease column includes the initiative, administrative savings, FTE savings and offsetting collections from Census data sales.

Exhibit 12

Department of Commerce
Bureau of the Census
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Current surveys and statistics
Subactivity: Current economic statistics

Goal Statement

The goals of Current Economic Statistics are to provide current high quality economic statistics, and meet information requirements measuring performance in the manufacturing sector; the business community (service and distributive trade activity)); characteristics of new housing and value of new construction; as well as federal expenditure data on a geographic basis. In addition, statistics are provided on imports, exports, and the balance of trade between the United States and its international trading partners.

Objectives:

The objectives of Current Economic Statistics programs are to update, maintain and improve the quality, accuracy, reliability and timeliness of the information collected. To provide annual, quarterly, monthly and periodic data at the geographic level that are responsive to federal, state, and community needs. To ensure the continued focus of its programs on statistics important to national needs. To streamline, simplify and reduce the reporting process to the maximum extent possible, and to conduct activities required for legislative and planning purposes.

Base Program

Business Statistics

Current retail trade reports. This program provides monthly and annual estimates of retail sales, end-of-month inventories, and inventory/sales ratios. The monthly estimates consist of retail sales and inventories by detailed kinds of U.S. businesses, sales by major kind-of-business groups for the 4 regions and 9 geographic divisions of the United States, and sales by limited kind-of-business categories for the 25 largest metropolitan areas, 15 primary metropolitan statistical areas, 5 cities, and 28 large states.

The Census Bureau provides advance sales estimates for the United States as a whole, based on early reports from a small subsample of the larger monthly retail survey panel, for 12 major kind-of-business categories. This advance monthly retail publication is designated as one of the principal economic indicators. The media, including television newscasts and the financial pages of newspapers and magazines, regularly highlight the sales levels and trends from this report.

The annual portion of the Current Retail Trade program provides key measures of retail activity for intercensal years and is the basis for benchmarking monthly estimates of sales and inventories.

The Annual Survey includes data by kinds of business at the national level on annual sales and year-end inventories, inventories/sales ratios, per capita sales, accounts receivable balances, and costs of purchased merchandise.

Program output	Sample size	Universe
Monthly retail trade reports.............	12,500 firms	2.4 million establishments
Advance monthly retail trade reports......	3,200 firms (subsample)	2.4 million establishments
Annual retail trade report................	22,000 firms	2.4 million establishments

Data user	Use
Bureau of Economic Analysis...............	Compute national accounts.
Council of Economic Advisers, Department of Treasury and other agencies............	Monetary and fiscal policies.
State and local governments and private businesses................................	Measure consumer activity.
Local areas...............................	Assess adverse conditions such as weather, strikes and resource shortages and plan recovery from these conditions.
Large and small retail firms..............	Determine market shares, develop forecast models, and past and potential changes in buying habits.

Current wholesale trade reports. This program provides monthly estimates of merchant wholesale trade sales, end-of month inventories, and stock/sales ratios, along with annual estimates of sales, inventories, purchases, sales/inventory ratios, and gross margins for merchant wholesalers by kind-of-business groups at the national level. The annual data provide the basis for benchmark estimates of monthly sales and inventories, including the collection and publication of purchases data.

Program output	Sample size	Universe
Monthly sales and end-of month inventories......	3,500 firms	391,000 merchant wholesale establishments
Annual sales, purchases, inventories and gross margins..................................	5,200 firms	Same

Data user	Use
Bureau of Economic Analysis, Federal Reserve Board, Bureau of Labor Statistics, Council of Economic Advisers	Leading economic indicator to evaluate current economic conditions, and to develop monetary policies.
Bureau of Economic Analysis	Compute national accounts, update industrial input-output tables between censuses, benchmark revisions to monthly series and revise GDP estimates.
Private businesses	Develop forecast models and measure changes in buying patterns.

Current service trade reports. This program provides annual information on selected services in the United States. The Service Annual Survey (SAS) includes estimates of receipts for major service groups (hotels and motels; personal services; business, automotive, and miscellaneous repair services; social services; and health, legal and other professional services). Since FY 1985, there has been an incremental but consistent expansion to SAS. The Census Bureau added new industries that were covered only in the 5-year census and began providing detailed income and expenditure data for selected key industries in the travel and business service industries where previously existing data were limited to a single measure of total operating receipts. In FY 1992, we added to this expansion by publishing total receipts data for 45 additional industries, including many newly identified by the 1987 revision of the SIC. We also began collecting and publishing total expenses (in addition to total revenue) for tax-exempt firms in selected service industries.

The Motor Freight Transportation and Warehousing Survey produces detailed estimates of revenue and expenses for the trucking and warehousing industries, as well as inventories of revenue-generating freight equipment for the trucking industry.

The Annual Survey of Communication Services provides detailed estimates of revenue and expenses for the telephone industry, radio and television broadcasting, cable television, and other communication services.

Program output	Sample size	Universe
Service Annual Survey	30,000 firms	6 million personal and business service establishments
Motor Freight Transportation and Warehousing Survey	3,000 firms	100,000 trucking and warehousing establishments
Annual Survey of Communication Services	2,000 firms	30,000 telephone, radio and television broadcasting, cable TV, and other communication establishments

Data user	Use
Bureau of Economic Analysis..............	Measure consumer activity and compute GDP accounts.
Bureau of Labor Statistics...............	Develop price indexes and productivity measurements.
Department of Transportation.............	Policy development and program management and evaluation.
Federal Reserve Board....................	Policy development and flow of funds estimates.
Private businesses.......................	Project industry growth, measure performance against the aggregate, and plan for changing patterns in consumer activity.
Trade and professional associations......	Better understanding of volatile industry trends.

Statistical sample improvement. This program provides research, development and implementation of sample improvements for surveys conducted under the Business Statistics line item. This process includes redrawing samples, reviewing economic series and data relevant to trends in distributive and service industries, and making other quality improvements. These activities maintain or improve the quality of current survey estimates, and provide the basis for implementing more efficient methods of survey processing with a view toward reducing respondent burden and survey costs.

The Census Bureau schedules sample updates and quality improvements on a quarterly and annual basis. These updates improve coverage of the business universe and ensure accurate representation of those firms selected in the samples. These activities maintain current business survey information on the same classification basis and coverage as the most recent economic censuses and protect valuable economic time series from extensive and costly revision. Also, the Census Bureau reselects samples periodically to redistribute respondent burden and minimise the sampling error. FY 1995 activities include: 1) The continuation of automation plans for the collection, tabulation, and analysis of current business statistics leading to a more timely release of statistical information, enhanced accuracy of the data, and increased efficiency in survey operations; 2) Determining publication requirements and conducting parameter studies to efficiently allocate new retail, wholesale, and service list samples based on the 1992 economic census results; and 3) Introducing a new sample for the Monthly Advance Retail Trade Survey.

Exhibit 13

Department of Commerce
Bureau of the Census
Salaries and Expenses
INCREASE FOR FY 1995
(Dollar amounts in thousands)

Activity: Current surveys and statistics
Subactivity: Current economic statistics

		1995 Base		1995 Estimate		Increase/Decrease			
						Other Changes		Program Changes	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Business statistics	Pos./BA	342	$20,314	414	$23,657	(5)	($490)	77	$3,833
	FTE/Obl.	357	20,314	424	23,657	(8)	(490)	75	3,833

Improved and expanded service statistics (77 permanent positions, 75 FTE, and $3,833,000). Service industry data are critical to measure accurately overall economic activity. This request provides needed improvements to Gross Domestic Product (GDP) source data on services. While recent statistical-gathering efforts have brought about needed improvements, economic indicators used by the Federal Government to shape economic policy still do not adequately reflect the dominant role of services. In addition, the National Transportation Policy Statement released by Department of Transportation highlights similar transportation services data needs. Recent studies of the quality of economic statistics recommend expansion of business services sector statistics to address serious flaws that currently exist in the measurement of output, prices and productivity in the service sector. This initiative continues the carefully crafted program to overcome these deficiencies by expanding the available statistics covering services and addressing the highest priority needs of multiple Federal agencies and private users.

Plan	Benefits
Begin annual collection of data on services purchased by industry.	Data are critical for improving measures of GDP and the input-output accounts. Provide users with more accurate and reliable estimates of value added in manufacturing.
Begin collection of quarterly corporate profits data for the services sector.	Data are essential to the calculation of the GDP and the Federal Reserve's flow of funds accounts.
Expand annual survey coverage to include additional transportation industries and provide detailed annual measures of industry output and expenditures for business, recreation and health service industries.	Data are critical for improving measures of GDP, input-output accounts, productivity and prices. Data needed by the Department of Transportation for developing policy and legislative initiatives, forecasting trends in transportation, analyzing system needs, and for international bilateral negotiations.

Only limited data on services (personal, business, and professional services, insurance, maintenance, or construction) purchased by industry are collected every 5 years in the economic censuses. No information is available on an annual basis. In the absence of such information, the input-output (I-O) analyst must allocate the costs of purchased services among industry subsectors, as well as between intermediate and final consumption. To compound the estimating problem, there are no satisfactory estimates of the total costs of many individual services. In FY 1995, we will develop plans in consultation with the Bureau of Economic Analysis and other primary users, and conduct a pilot study to determine if the data are available at the establishment, division or enterprise level. In FY 1996, we will consult with companies to determine whether the response to our questions in the pilot study conform to our data requirements. In FY 1997, we will begin annual collection of the data.

Although quarterly corporate profits data are essential to the calculation of the GDP and the Federal Reserve's flow of funds accounts, such data for the service sector have never been collected by a Federal agency. This initiative is the first step in covering the service sector through a quarterly survey program. During FY 1995 and FY 1996, the Census Bureau will design and select a sample of business service corporations. This sample will represent one-third of the service sector profits and have available the financial data needed for the survey. In the middle stages of this development process, the Census Bureau will design and test a questionnaire as part of the Quarterly Report (QFR) program. This will be similar to that used in the Census Bureau data collection from manufacturing, mining and trade corporations. The collections of quarterly data will begin in 1997; the data will be integrated in the QFR publication and press release.

Deregulation has had a serious negative impact on the amount of data available for the various industries within the service sector. This problem is compounded in many areas by the new openness to market entry, technological innovation that has contributed to organizational restructuring, changes in service delivery, and the globalization of our economy. At the very time our data needs have grown, the availability of such data from traditional sources has declined dramatically. This initiative addresses major data gaps in the transportation sector by introducing two new annual surveys covering water transportation, and charter, rural and intercity busing. These surveys will provide detailed revenue, expenses, and other operating statistics for these industries. Similar surveys to replace lost regulatory data for the trucking and communication services industries (i.e., telephone, broadcasting, and cable television) were extremely successful in the cooperation we received from the business community and our ability to meet the critical data needs of the Federal Government and private users. In both instances, published data were produced in less than 16 months after funding approval.

Data for most industries currently covered in our services program are limited to a single measure of total receipts. This single measure of total dollar volume masks the real level of industry output since receipts of firms providing multiple services are included under their principal activity and are not separately identified. Further, existing industry totals reflect only services purchased in the market and exclude in-house activities. Personal expenditures on health and recreational activities have shown sustained high levels of growth. These areas, however, are inadequately measured. Detailed data items are needed to understand expenditure patterns and to improve the accuracy of the GDP measures. This initiative also will provide income and expenditure data for industries in business services (including computer and data processing; management, consulting, and public relations services; and equipment rental and leasing), automotive rental and leasing, amusement and recreational services and offices of health practitioners.

Note: Other Changes column includes administrative savings, FTE savings, and offsetting collections from Census data sales.

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Program Change: Improved and expanded service statistics

Title:		Grade	Number	Annual Salary	Total Salaries
Statistician		13	4	$49,947	$199,788
Programmer		13	1	49,947	49,947
Statistician		12	2	42,003	84,006
Programmer		12	2	42,003	84,006
Accountant		11	2	35,045	70,090
Statistician		11	2	35,045	70,090
Programmer		11	2	35,045	70,090
Program analyst		11	2	35,045	70,090
Programmer		9	2	28,964	57,928
Computer operator		9	2	28,964	57,928
Program analyst		9	3	28,964	86,892
Statistician		9	2	28,964	57,928
Accountant		9	4	27,789	111,156
Statistician		7	5	23,678	118,390
Programmer		7	6	23,678	142,068
Program analyst		7	7	23,678	165,746
Corporate analyst		7	2	23,678	47,356
Computer operator		7	2	23,678	47,356
Statistical assistant		5	6	19,116	114,696
Accounting technician		5	5	19,116	95,580
Programmer		5	5	19,116	95,580
Computer operator		5	2	19,116	38,232
Financial reports assistant		4	3	17,086	51,258
Clerk-typist		3	4	17,525	70,100
Total			77		2,056,301
Less lapse	25.00%		(19)		(514,075)
Total full-time permanent (FTE)			58		1,542,226
1995 Pay Adjustment (1.6%)					24,676
Total					1,566,901

Personnel Data	
Full-Time Equivalent Employment:	
Full-time permanent	58
Other than full-time permanent	17
Total	75
Authorized Positions:	
Full-time permanent	77
Other than full-time permanent	9
Total	86

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS

Exhibit 15

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Program Change: Improved and expanded service statistics

Object Class		1995 Increase
11	Personnel compensation	
11.1	Full-time permanent	$1,567
11.3	Other than full-time permanent	350
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	1,917
12.1	Civilian personnel Benefits	570
13	Benefits for former personnel	1
21	Travel and transportation of persons	104
22	Transportation of things	1
23.1	Rental payments to GSA	211
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	170
24	Printing and reproduction	233
25.1	Consulting Services	0
25.2	Other Services	393
25.3	Purchases of goods and services from gov't accts.	14
26	Supplies and materials	96
31	Equipment	123
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	3,833

Construction statistics

Construction permits data. This program provides monthly and annual statistics on the number and valuation of privately-owned housing units and nonresidential buildings that are authorised by building permits. Monthly, it provides national, regional, and state estimates, as well as totals for selected metropolitan areas and individual places. Annually, it provides data for permit-issuing places that are not in the monthly sample. The national estimate of housing units authorized by building permits is a component of the Index of Leading Economic Indicators. Also, this program provides data used to design samples for the Census Bureau's Survey of Construction and the Current Population Survey.

Program output	Sample size	Universe
Monthly permits data................	8,500 permit-issuing offices	19,000 permit-issuing offices
Annual permits data.................	10,500 permit-issuing offices not in monthly sample	19,000 permit-issuing offices

Data user	Use
Federal Reserve Banks and Department of Housing and Urban Development.............	Analyze national and regional economic conditions.
Financial institutions....................	Estimate mortgage demand.
Private businesses........................	Do market planning, and investment analysis.
State and local agencies..................	Do local area planning.

Construction starts data. This program provides monthly statistics on the number of housing units started and the number of housing units authorised (but not yet started) for the United States and the four Census regions (Northeast, Midwest, South and West), as well as national data on number of units in structure. In conjunction with the Department of Housing and Urban Development, this program also collects information on the completion and sale of new housing units. Information on housing starts is a principal economic indicator. Also, this program develops and publishes quarterly and annual price indexes on residential construction based on financial and physical characteristics data collected in the sample survey.

Program output	Sample size	Universe
Monthly construction starts....................	33,000 buildings	1,225,000 buildings

Data user	Use
Department of Housing and Urban Development and Congress................................	Develop and evaluate housing programs.
Council of Economic Advisers, Federal Reserve Board, Office of Management and Budget and Bureau of Economic Analysis....................	Determine condition of economy and develop national income and product accounts.
Bureau of Economic Analysis...................	Produce constant dollar series for residential construction component of GDP.
Manufacturers.................................	Plan production schedules and determine market shares.
Other Federal agencies........................	Measure new housing cost changes.
Insurance companies and financial institutions.	Adjust rates and establish replacement costs. Estimate mortgage demand.

Construction value data. This program provides monthly, national estimates of the dollar value of new construction put in place by type of construction. The categories include residential and non-residential buildings as well as non-building construction such as highways and sewer projects. Monthly surveys provide data for state and local and most privately owned construction. The Census Bureau develops estimates on construction outlays for the remaining types of construction (except Federal) by using indirect measurements, analytical techniques and secondary data sources; and obtains Federal construction expenditures directly from the agencies.

This construction value data program also provides quarterly data on expenditures by owners of residential properties for improvements and repairs. Data on improvements (additions, alterations and major replacements) are used for direct input to the construction put in place series. Detailed type-of-job data (painting, roof repair, etc.) are provided on an annual basis.

Program output	Sample size	Universe
Monthly value data...........................	12,200 construction projects	150,000-200,000 projects
Quarterly improvements and repairs expenditures......................	2,000 rental properties and units; 3,700 owner-occupied units	Over 100 million

Data User	Use
Bureau of Economic Analysis..................	Measure the structures components of the gross private domestic investment and state and local government expenditures in the GDP.
Council of Economic Advisers, Federal Reserve Board and other agencies......................	Determine condition of this key industry.
Private businesses (especially those providing construction materials)......................	Market planning, production scheduling, planning.

Exhibit 13

Department of Commerce
Bureau of the Census
Salaries and Expenses
INCREASE FOR FY 1995
(Dollar amounts in thousands)

Activity: Current surveys and statistics
Subactivity: Current economic statistics

						Increase/(Decrease)			
		1995 Base		1995 Estimate		Other Changes		Program Changes	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Construction	Pos./BA	166	$9,821	195	$10,867	(3)	($286)	32	$1,332
statistics.........	FTE/Obl.	183	9,821	204	10,867	(3)	(286)	24	1,332

Improvement of construction statistics (32 permanent positions, 24 FTE, and $1,332,000). This request is designed to correct serious deficiencies in the measurement of the value of new construction collected in the Value in Place (VIP) series. The data quality of this economic indicator, used by Federal government policymakers and analysts, is not adequate for the increased importance which it has assumed. Improved construction statistics will provide a much better measure of the Nation's capital stock investment, a key determinate of our future economic growth, and more accurate measures of productivity in the construction industry.

The components of this request are:

- Nonresidential Reconstruction: This is a large and growing economic activity not adequately measured. The VIP series includes some nonresidential reconstruction, but is limited primarily to larger projects. As much as $17 billion a year may be missed.

  This request calls for the development of a sample of nonresidential buildings and a quarterly survey of the owners of those buildings to obtain reconstruction expenditures.

- Nonresidential Building Price Indexes: The measurement of real investment and productivity in the construction industry currently relies on a price deflator for nonresidential construction that is a combination of a residential price index and a cost index based on the experience of a single construction company. The inadequacy of this deflator has been recognized for 25 years.

This request provides for the development, testing, and implementation of a survey to collect nonresidential building pricing information which will lead to the production of a quarterly set of comprehensive and reliable deflators.

- Industrial Construction Statistics: One of the most important and difficult types of construction to measure is construction done at manufacturing and industrial sites. Many times, this kind of construction is done without the need for local building permit authorization and far from accessible roads. Coverage in our existing survey of new construction projects is inadequate.

  This request seeks funding for the research and development of new techniques and methods to measure this activity. These methods will involve data collection efforts that work in concert with existing surveys of industrial establishments or companies such as the Annual Survey of Manufacturers or the new Annual Capital Expenditures Survey.

This initiative supports the implementation of the Economic Statistic Initiative for improving the quality of economic statistics.

Note: Other Changes column includes administrative savings, FTE savings, and offsetting collections from Census data sales.

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Program Change: Improvements to construction statistics

Title:		Grade	Number	Annual Salary	Total Salaries
Survey statistician		14	1	$59,022	$59,022
Survey statistician		13	2	49,947	99,894
Survey statistician		12	3	42,003	126,009
Programmer		12	3	42,003	126,009
Program analyst		12	3	42,003	126,009
Survey statistician		11	4	35,045	140,180
Mathematical statistician		11	4	36,986	147,944
Programmer		9	3	28,964	86,892
Survey statistician		7	2	23,678	47,356
Programmer		7	2	23,678	47,356
Program analyst		7	1	23,678	23,678
Statistical assistant		5	2	19,116	38,232
Clerk typist		3	2	17,525	35,050
Total			32		1,103,631
Less lapse	25.00%		(8)		(275,908)
Total full-time permanent (FTE)			24		827,723
1995 Pay Adjustment (1.6%)					13,244
Total					840,967

Personnel Data	
Full-Time Equivalent Employment:	
Full-time permanent	24
Other than full-time permanent	0
Total	24
Authorized Positions:	
Full-time permanent	32
Other than full-time permanent	0
Total	32

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS

Exhibit 15

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Program Change: Improvements to Construction Statistics

Object Class		1995 Increase
11	Personnel compensation	
11.1	Full-time permanent	$841
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	841
12.1	Civilian personnel Benefits	250
13	Benefits for former personnel	0
21	Travel and transportation of persons	23
22	Transportation of things	0
23.1	Rental payments to GSA	126
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	1
24	Printing and reproduction	0
25.1	Consulting Services	0
25.2	Other Services	43
25.3	Purchases of goods and services from gov't accts.	0
26	Supplies and materials	20
31	Equipment	28
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	1,332

Manufacturing Statistics

Current industrial reports. This program supplements the product data collected in the Census of Manufactures with current measures of manufacturing activity in the United States. The surveys provide current data on 4,400 of the 11,000 total manufactured products, representing almost 30 percent of the more than $2.8 trillion value of shipments of all manufactured goods.

Production and shipments information are the two common data items collected, but the program also collects other measures such as inventories, orders and consumption in a number of surveys. These surveys measure manufacturing activity in important commodity areas such as textile and apparel, chemicals, primary metals, computer and electronic components, industrial equipment and consumer goods.

The Current Industrial Reports program uses mail surveys with a unified data collection, processing and publication system. The Census Bureau updates the survey panels for most reports annually and reconciles the estimates to the results of the broader-based Annual Survey of Manufactures and the Census of Manufactures. The content of each survey is updated periodically to ensure that the data continue to meet the needs of government and industry data users. Also, the Census Bureau has added important new content to this program with increasing emphasis on the development and implementation of surveys which focus on the use of advanced manufacturing technologies.

For FY 1994, the Census Bureau will produce the following three reports on a monthly basis: The M22P, "Consumption on the Cotton System and Stocks," the M20J, "Fats and Oils-Oilseed Crushings," and the M20K, "Fats and Oils-Production, Consumption, and Stocks."

Program output	Sample size	Universe
Monthly, quarterly and annual data on production of about 4,400 manufactured products................	34,000 manufacturing establishments	369,000 manufacturing establishments

Data user	Use
Federal Reserve Board..............................	Prepare monthly index of industrial production.
Bureau of Economic Analysis.........................	Prepare quarterly estimates of GDP.
International Trade Administration, International Trade Commission......................	Monitor effect of international trade on domestic production and meet responsibilities under Trade Act of 1974; assess production trends; and forecast future industrial activity.
Bureau of Labor Statistics..........................	Develop price indexes and estimates of productivity.
National Institute of Science & Technology..........	Segment electrical area for assigning priorities to physical measurement needs.

Data user (cont'd)	Use (cont'd)
Private industry	Monitor effect of international trade on domestic production, evaluate relationship between company and industry performance, market analyses, assess current business conditions, and plan future operations.
Department of Agriculture	Monitor production and consumption of food, oilseeds, cotton, clothing, and lumber.
Bureau of Mines	Prepare quarterly and annual publications on production of chemicals and metals.
Environmental Protection Agency	Use chemical and air pollution equipment data for environmental impact studies.
Department of Commerce and the Department of Treasury	Monitor industries in granting import/export licenses.
Department of Defense and the Federal Emergency Mangement Agency	Use data for analyses of defense prepsredness, planning for natural disasters, and critical technologies.
Department of Housing and Urban Development	Monitor production of building materials.
Department of Transportation	Monitor production of transportation equipment.
Department of Justice, Federal Trade Commission	Use data in anti-trust cases.
State Department, Office of U.S. Trade Representative	Monitor effect of international trade on domestic production.

Annual survey of manufactures. This program supplies the key annual measures of manufacturing activity. The data items include employment, payrolls, supplementary labor cost (fringe benefits), cost of materials, fuels consumed and capital expenditures; and output data such as shipments by industry and product class, shipments for export, and inventories by stage of fabrication. National estimates are provided by industry classifications as defined in the Standard Industrial Classification (SIC) for about 1,750 product classes. In addition, the program compiles basic statistics such as employment and value of shipments for states.

Program output	Sample size	Universe
Annual statistics on inputs used and outputs produced by manufacturers	56,000 manufacturing establishments	369,000 manufacturing establishments

Data user	Use
Bureau of Labor Statistics	Calculate annual productivity series, update producer price indexes, and calculate weights when new components are added.
Federal Reserve Board	Prepare Index of Industrial Production.
Bureau of Economic Analysis	Prepare annual update of GDP and weight GDP deflators.
International Trade Administration	Design and evaluate export development program.
Commerce Industrial Outlook publication	Evaluate and forecast future industrial activity.
Census Bureau	Benchmark and reconcile monthly and quarterly data on manufacturing production and inventories.
Private industry	Plan operations, make investment and production decisions, and evaluate relationship between company and industry performance.

Industrial indicators and business investment. The Manufacturers' Shipments, Inventories and Orders Survey (M3) provides the indicators of monthly changes and trends for the entire U.S. manufacturing sector. This report is one of the principal economic indicators for the United States. The shipments data are important coincident indicators of the business cycle; new orders, unfilled orders and inventories are important leading indicators. The Wall Street Journal and the financial pages of other newspapers and magazines consistently highlight this information.

The Manufacturers' Shipments, Inventories and Orders Survey provides monthly data on the dollar volume of shipments, new and unfilled orders, and total inventories for 80 industry categories and 8 market categories. Also, the M3 survey provides data on inventories by stage of fabrication for 16 broader industry groups and separate data for the defense and non-defense portions of the capital goods industries and several market categories. The Annual Survey of Manufactures (ASM) data for the corresponding year are used to make historical benchmark revisions to shipments and inventory estimates.

Several activities have led to improvements in the quality and usefulness of the M3 survey: Probability sampling techniques are used for selected industries comprised of a large stratum of medium and small companies; touch tone data entry and computer assisted telephone interviewing techniques have been introduced in an effort to improve response rates; and the ASM estimates used to benchmark the M3 have been improved by the more timely inclusion of new plant operations in the annual statistics.

The Plant and Equipment Expenditures Survey is another principal economic indicator for the United States. This survey provides critical data on investment plans in the manufacturing sector at the 2-digit Standard Industrial Classification (SIC) level and the non-manufacturing sectors by broad categories. Also, it provides data on actual investments as a current indicator of production capacity. The business sectors that account for a large proportion of investments are surveyed quarterly. The results of this survey are also prominently discussed in The Wall Street Journal and the financial pages of other newspapers and magazines.

The Annual Capital Expenditures Survey, which began in FY 1991 provides comprehensive data on business investments at the 2- or 3- digit Standard Industrial Classification (SIC) level. The datat provide accurate or consistent measures of investment covering all non-farm sectors. The data are critical in measuring the differential effects of technological, price, and regulatory changes on production facilities for analyzing productivity growth, ability of the U.S. business sector to compete with foreign producers, utilization of plant capacity, and overall economic performance. Data from this survey will serve as a benchmark for the quarterly Plant and Equipment Expenditures and the monthly Value of New Construction Put in Place surveys.

Program output	Sample size	Universe
Monthly statistics on manufacturers' shipments, inventories, and new and unfilled orders...........	4,900 manufacturing companies and divisions	318,000 companies
Quarterly statistics on actual and planned expenditures on plant and equipment................	15,000 companies	4.5 million companies
Annual statistics on expenditures for plant and equipment....................................	30,000 companies	4.5 million companies

Data user	Use
Bureau of Economic Analysis........................	Prepare monthly index of leading economic indicators and quarterly estimates of GDP. Prepare annual revisions of GDP.
Council of Economic Advisers, Federal Reserve Board, and Department of Commerce and Treasury, Congressional Budget Office........................	Analyze economic conditions, forecast future trends, and determine current economic policy.
Census Bureau....................................	Benchmark and reconcile monthly data on value of construction and quarterly data on expenditures for plant and equipment.
Private industry..................................	Plan operations, and make investment and production decisions.

Special industrial characteristics. The annual surveys of Pollution Abatement Costs and Expenditures and the Plant and Equipment Pollution Abatement Expenditures surveys provide comprehensive estimates of capital expenditures and operating cost associated with pollution abatement activities by manufacturers and capital expenditures for selected nonmanufacturers' businesses. Because pollution abatement expenditures compete with productivity improvements for investment dollars, it is important to measure this cost component.

The Census Bureau collects separate data for capital expenditures and types of operating cost associated with the abatement of air and water pollutants and solid waste disposal for each manufacturing industry. Also, the survey includes data on payments to governments for pollution removal. State level data are published for major industry groups.

Program output	Sample size	Universe
Annual Survey of Pollution Abatement Costs and Expenditures	17,000 establishments with 20 or more employees (subsample of the Annual Survey of Manufactures)	369,000 manufacturing establishments
Plant and Equipment Pollution Abatement Expenditures Survey	500 companies (subsample of Plant and Equipment Expenditures Survey).	15,000 petroleum, mining, and electric utility companies

Data user	Use
Bureau of Economic Analysis	Prepare estimates of capital expenditures and current cost for pollution abatement for GDP accounts.
Environmental Protection Agency	Evaluate the effect of environmental legislative proposals and monitor regional environmental performance.
State and local governments and industrial organizations	Develop regional economic and environmental performance measures and forecasts.
Private industry	Formulate planning, investment and production decisions.

Exhibit 13

Department of Commerce
Bureau of the Census
Salaries and Expenses
INCREASE FOR FY 1995
(Dollar amounts in thousands)

Activity: Current Surveys and Statistics
Subactivity: Current Economic Statistics

						Increase/(Decrease)			
		1995 Base		1995 Estimate		Other Changes		Program Change	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Manufacturing statistics	Pos./BA	272	$17,381	285	$17,958	(5)	($479)	18	$1,056
	FTE/Obl.	291	17,381	301	17,958	(5)	(479)	15	1,056

Improved environmental statistics (18 permanent positions, 15 FTE, + $1,056)-- New and changing regulations addressing environmental quality control are affecting the levels and patterns of business spending on pollution abatement and prevention. Environmental data collection must expand to provide information needed to monitor economic performance, help Congress assess the impact of environmental regulations on the competitiveness of U.S. businesses, and to respond to environmental challenges. This initiative will allow us to expand coverage of pollution abatement investment and operating costs survey to include nonmanufacturing industries. This will give us a more comprehensive measure of environmental spending by businesses.

Economic data collection is not keeping pace with regulations addressing global climate change and toxic waste disposal. Changing spending patterns resulting from increasing commitment to protect the environment is a significant factor influencing economic behavior. Yet very little information is available from some business sectors that are giving increasing attention to environmental problems. Current statistical programs are limited to selected industries and to selected pollution abatement activities.

Nonmanufacturing industries account for about 40 percent of nonfarm business pollution abatement capital expenditures. Currently, we collect only annual investment expenditures for pollution abatement equipment from companies in mining, petroleum, and electric utilities industries. These and other nonmanufacturing industries will experience increasing pollution abatement capital investment as a result of new environmental requirements. This proposal would add the collection of operating costs data and expand the coverage to additional nonmanufacturing industries to cover such pollution abatement activities as medical waste disposal and private trash disposal operations.

Note: Other Changes column includes administrative savings, FTE savings and offsetting collections from Census data sales.

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Program Change: Improved Environmental Statistics

Title:		Grade	Number	Annual Salary	Total Salaries
Economist		14	1	$59,022	$59,022
Economist		13	1	49,947	49,947
Statistician		13	1	49,947	49,947
Computer systems analyst		12	1	42,003	42,003
Statistician		12	1	42,003	42,003
Management analyst		12	1	42,003	42,003
Statistician		11	1	35,045	35,045
Computer systems analyst		11	1	35,045	35,045
Programmer		11	1	35,045	35,045
Statistician		9	1	28,964	28,964
Mathematical statistician		9	1	32,420	32,420
Management analyst		7	1	23,678	23,678
Statistician		7	3	23,678	71,034
Computer operator		7	1	23,678	23,678
Statistical assistant		5	2	19,116	38,232
Total			18		608,066
Less lapse	25.00%		5		152,017
Total full-time permanent			13		456,050
1995 Pay Adjustment (1.6%)					7,297
Total					463,346

Personnel Data	
Full-Time Equivalent Employment:	
Full-time permanent	13
Other than full-time permanent	2
Total	15
Authorized Positions:	
Full-time permanent	18
Other than full-time permanent	2
Total	20

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 15

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Program Change: Improved Environmental Statistics

Object Class		1995 Increase
11	Personnel compensation	
11.1	Full-time permanent	$463
11.3	Other than full-time permanent	50
11.5	Other personnel compensation	20
11.8	Special personnel services payments	0
11.9	Total personnel compensation	533
12.1	Civilian personnel Benefits	155
13	Benefits for former personnel	0
21	Travel and transportation of persons	54
22	Transportation of things	0
23.1	Rental payments to GSA	97
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	21
24	Printing and reproduction	11
25.1	Consulting services	0
25.2	Other services	9
25.3	Purchases of goods and services from gov't accts.	1
26	Supplies and materials	39
31	Equipment	136
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	1,056

General economic statistics

Standard statistical establishment list (SSEL). The SSEL includes the latest available information on name, mailing address, physical location, industrial classification, size classification, company affiliation and legal form of organization for all employer firms and their establishments in the United States. This program provides the single source for determining and assigning industrial classifications to establishments and companies. Also, it provides a common frame of reference for use in selecting statistical samples.

Preparation of the SSEL reflects the continued coverage of multiple establishment businesses based on the Company Organization Survey (COS). The program includes updating the industrial classification for businesses, incorporating the changes in the company organization and geographic codes on a periodic basis, and operating the updated file for statistical users of the system.

Also, the SSEL program includes efforts to determine the business universe by compilation of administrative records for single establishment companies. The Census Bureau purchases quarterly and annual payroll data and March 12 pay period employment data from the Internal Revenue Service. These data serve as a proxy for millions of small firms and excuse these firms from directly reporting to the Census Bureau.

Program output	Sample size	Universe
Standard Statistical Establishment List (Annual Company Organization Survey)........................	65,000 largest multi-establishment companies (1,100,000 establishments) and a rotating sample of smaller multi-establishment companies (100,000 establishments)	164,000 active companies (1.4 million establishments)

Data Users	Use
Economic censuses, Census of Agriculture, County Business Patterns (CBP), Annual Survey of Manufactures, and business surveys..................	Provide an updated universe file for census mailing lists and sample selection, benchmarking disclosure analysis, identification of business births and deaths, and other centralized control processes essential for supporting Census Bureau's statistical programs.

County business patterns (CBP). This program consolidates selected data from the SSEL to provide summary totals for the universe of business establishments at the 4-digit Standard Industrial Classification (SIC) level. The CBP program provides first quarter total employment; first quarter and annual payroll; total number of establishments; and number of establishments by employment size class for each county and state, District of Columbia, and Puerto Rico. These data are essential to verify independent statistical series, surveys and data bases during the intercensal years.

CBP is the only source of 4-digit Standard Industrial Classification detail at the county level for most economic activities. This detail provides an accurate accounting of the kinds of businesses located in a geographic area and enables comparisons across similar areas. The Census Bureau tabulates these data at the state and county levels in publication, microfiche, Compact Disk-Read Only Memory (CD-ROM), tape, or diskette format. Also, it is available through "CENDATA", which is a computer on-line data base.

Data users	Use
Congressional Budget Office; Bureau of Labor Statistics; Bureau of Economic Analysis; Small Business Administration; and state and local governments.........	Determine location and concentration of establishments and employment by industries and geographic areas; study changes in employment and payroll by industry and area, and provide small area statistics needed to administer Federal, state and local government programs.
Private businesses, market researchers, Academics, and industrial and civic planners..............................	Analyze market potential; determine size and locations of sales territories; establish sales quotas and advertising budgets; and locate production, marketing, and service facilities.

Industry and commodity classification. This program includes review and development of industry classification, report forms and coding procedures. This process assures that Census Bureau operations are complete, consistent and comparable with OMB and other agency standards. The program is represented on the Standard Industrial Classification Economic Classification Policy Committee, which coordinates industry classification with OMB and other government agencies. The program allows the Census Bureau to provide answers to inquiries and serve as a focal point for interpreting the various systems used by the general public. We prepare coding manuals and develop procedures for coding report forms which are problems in more than one Census area or do not belong in the area for which they were mailed.

The Industry and Commodity Classification program reviews and coordinates efforts to develop, maintain and revise production, export and import classifications. As a corollary to such activities, the program provides research on classification and coding problems, evaluation studies and continuing efforts to improve the classification system and coding methods. The Trade Act of 1974 recognized the importance of the resulting data relationships by mandating the development of an enumeration system which provides comparability among U.S. import, production and export data. The experience and expertise developed for this program provide the basic systematic knowledge and commodity correlations needed to meet the requirements for commodity comparability. This program is responsible for investigating methods for identifying new industries; identifying structural changes that occurred in establishment operations; and developing proposals and implementing changes to economic census questionnaires and other industry surveys that reflect structural changes in the establishment operations.

This program is responsible for coding new employer identification numbers which are assigned unclassified or inadequate Standard Industrial Classification (SIC) codes by the Social Security Administration (SSA). All new employer identification numbers and their associated Standard Industrial Classification codes, as assigned by the SSA, are incorporated into current Census Bureau programs, including the Standard Statistical Establishment List. Correction of these unclassified or inadequately classified business codes improve the quality of Census programs and the resulting economic data.

In addition, the Industry and Commodity Classification program issues an annual report, U.S. Commodity Exports and Imports as Related to Output, which compares U.S. exports of domestic merchandise, imports for consumption, and domestic output in terms of the Standard Industrial Classification. In relating export, import and production classifications, the program provides correlations among systems and data relationships which are not available from any other source.

As a joint effort with the Bureau of Labor Statistics, the Census Bureau also publishes a quarterly report, Trade and Employment, which compares imports, exports, and domestic employment in terms of the Standard Industrial Classification. The Census Bureau provides the programs necessary to generate the publications; Bureau of Labor Statistics supplies the related employment data. The Trade and Employment Program reflects changes in the volume of imports and exports; changes in employment within domestic industries producing similar articles or directly competitive with imports; and the extent of adverse effects on domestic employment caused by changing international trade patterns.

Data user	Use
Bureau of Labor Statistics, Bureau of Mines, Department of Agriculture, Bureau of Economic Analysis, International Trade Administration........	Analyze trends in the volume of imports and exports to determine the effects on U.S. domestic industries, production and employment.
Researchers in private sector and universities......	Provide research material to analyze the effects of international trade on U.S. domestic industries.

Economic studies. This internationally renowned Center for Economics Studies supports the Census Bureau's economic measurements activities which through analysis and research, enhances the quality of economic measures. The Center assembles, maintains, and extends the Longitudinal Research Database (LRD) and links it to other databases such as the National Science Foundation and Census Bureau's Research and Development surveys. The Center also maintains a Characteristics of Business Owners database.

To accomplish the program objectives, the Census Bureau collaborates with outstanding researchers in joint initiatives using the LRD, CBO and other compilations of the Census data. Such initiatives improve the Bureau's processing procedures as well as the underlying conceptual basis of its economic data. These studies include analysis of the patterns and changes in economic structure, with particular reference to the relationship of the data reported to the information compiled in other surveys; linkage of corporate financial data with census establishment data; improvements in the techniques measuring and explaining the efficiency and competitiveness of U.S. business enterprises in the global economy; studies on the characteristics of business owners; and analysis of advanced technology trade.

In FY 1995 the Census Bureau will transfer all of our National Trade Data Bank (NTDB) appropriated funds to the Economic and Statistics Administration (ESA) to fund a revolving fund for the NTDB.

Quarterly Financial Report (QFR). This program collects and reports current information on corporate financial conditions. Based on an extensive sample survey, the Quarterly Financial Report is a principal economic indicator and also a component of other statistical indicators. The report presents key financial statistics including sales, profits, assets, liabilities, stockholders' equity, and related accounts and ratios. It provides industry and asset size data for small, medium, and large manufacturing and service corporations; and provides data for corporations with more than $50 million in assets in the wholesale, retail, and mining sectors.

Program output	Sample size	Universe
Quarterly Financial Report..........................	About 10,000 corporations	About 1 million

Data user	Use
Bureau of Economic Analysis.........................	Construct national income accounts.
Federal Reserve Board...............................	Construct flow of funds accounts.
Small Business Administration.......................	Analyze small manufacturing business sector.
Other public and private sector users...............	Analyze corporate profits and financial conditions by industry and asset size.

Exhibit 13

Department of Commerce
Bureau of the Census
Salaries and Expenses
INCREASE FOR FY 1995
(Dollar amounts in thousands)

Activity: Current Survey and Statistics
Subactivity: Current Economic Statistics

		1995 Base		1995 Estimate		Increase/(Decrease)			
						Other Changes		Program Increase	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
General economic statistics	Pos./BA	180	$12,432	229	$14,485	(3)	($370)	52	$2,423
	FTE/Obl.	210	12,432	245	14,485	(4)	(370)	39	2,423

Restructuring the Standard Industrial Classification System (SIC) (52 permanent positions, 39 FTE, +$2,423) -- The basic structure of the SIC has remained unchanged since it was developed in the 1930's. Rapid changes have characterized the U.S. economy which has moved from a manufacturing based economy to one dominated by the service sector and international activity. Data based on the SIC no longer accurately measure the structure of this dynamic, global economy. The purpose of this initiative is to develop a restructured industry classification system and create a commodity classification system for the United States.

Plan	Benefits
Establish a classification unit that will be responsible for coordination, development, and implementation of a restructured SIC and a commodity classification system.	Provide expertise for research and outreach activities needed for developing a conceptual framework for a new industry and a commodity classification system. Provide resources for development of a restructured SIC and a commodity classification system.
Develop and implement a program for recognizing emerging industries and technologies in the SIC.	Provide data users and policy makers important information early on new industries and technologies.
Develop and implement a restructured industry classification system based on the conceptual framework recommended.	Provide policymakers and other data users with information for decision-making purposes. Uses of SIC based data include input-output analysis, development of national accounts and GNP, index of production, and international trade analysis.

Plan (cont'd)	Benefits (cont'd)
Begin development of a commodity classification system for use across all U.S. government agencies.	Provide comparable product data, including information on the output of the non-goods producing industries, among all Federal Government agencies and improve comparability of domestic product data to the international systems.

At the Conference on the SIC in Williamsburg in November 1991, providers of data and data users in both the public and private sector agreed on the need to develop a new system(s) for classifying economic activity. The current SIC is a static system trying to measure a dynamic economy. A restructured classification system would provide to the major users of information based on the SIC data that accurately measures the changing U.S. economy, data that is comparable to the international systems for measuring economic activity, and information for decision making for private businesses and trade associations.

Uses and users of information based on the SIC are many and varied. They range from input-output analysis and development of the national accounts and GDP by the Bureau of Economic Analysis to international trade analysis by the International Trade Commission and the Special Trade Representative to market share analysis by private businesses. State and local governments use SIC based information to determine the location of businesses and governmental operations while the Bureau of Labor Statistics use the information in the development of price indices. Each of these users and uses would benefit from the improved data available with a restructured industry classification system.

The United States does not have a commodity classification system that provides for collection and publication of comparable product data across agencies. The consensus of the Williamsburg Conference was that such a system should be developed that includes both goods producing and non-goods producing industries. This system should also provide as much comparability as possible to the international systems for classifying products.

We will implement the restructured industry classification system in the 1997 Economic Censuses. Resources will be devoted to this project which will include development of automated coding systems and correlation of old and new systems.

Note: Other Changes column includes administrative savings, FTE savings and offsetting collections from Census data sales.

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Program Change: Restructure the Standard Industrial Classification System

Title:		Grade	Number	Annual Salary	Total Salaries
Statistician		15	1	$69,427	$69,427
Statistician		14	3	59,022	177,066
Statistician		13	2	49,947	99,894
Computer systems analyst		13	2	49,947	99,894
Statistician		12	8	42,003	336,024
Computer systems analyst		12	1	42,003	42,003
Management analyst		12	1	42,003	42,003
Programmer		12	1	42,003	42,003
Statistician		11	6	35,045	210,270
Programmer		11	1	35,045	35,045
Program analyst		11	2	35,045	70,090
Management analyst		11	2	35,045	70,090
Statistician		9	5	28,964	144,820
Programmer		9	1	28,964	28,964
Program analyst		9	1	28,964	28,964
Management analyst		9	1	28,964	28,964
Computer operator		9	1	28,964	28,964
Statistician		7	7	23,678	165,746
Computer operator		7	2	23,678	47,356
Secretary		5	2	20,176	40,352
Clerk-typist		4	2	18,579	37,158
Total			52		1,845,097
Less lapse	25.00%		13		461,274
Total full-time permanent			39		1,383,823
1995 Pay Adjustment (1.6%)					22,141
Total					1,405,964

Personnel Data	Number
Full-Time Equivalent Employment:	
Full-time permanent	39
Other than full-time permanent	0
Total	39
Authorized Positions:	
Full-time permanent	52
Other than full-time permanent	0
Total	52

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 15

Activity: Current surveys and statistics
Subactivity: Current economic statistics
Program Change: Restructure the Standard Industrial Classification System

Object Class		1995 Increase
11	Personnel compensation	
11.1	Full-time permanent	$1,406
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	1,406
12.1	Civilian personnel Benefits	419
13	Benefits for former personnel	0
21	Travel and transportation of persons	70
22	Transportation of things	0
23.1	Rental payments to GSA	197
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	19
24	Printing and reproduction	4
25.1	Consulting services	0
25.2	Other services	8
25.3	Purchases of goods and services from gov't accts.	0
26	Supplies and materials	4
31	Equipment	296
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	2,423

Foreign trade statistics

Import statistics. This program compiles monthly foreign trade statistics from information filed with the U.S. Customs Service. Import statistics are compiled for shipments valued over $1,250 except for selected commodities valued over $250. Data for shipments valued under $1,251 (under $251 where applicable) are developed for individual countries through a statistical estimating procedure. The monthly and cumulative year-to-date statistics summarize merchandise imports in terms of the commodity classifications of the Harmonized Tariff Schedules of the United States Annotated (HTSUSA), by country of origin and by customs district of entry. Additional reports interrelate data covering major commodities and groupings in terms of the Standard International Trade Classification (SITC), Standard Industrial Classification (SIC), end-use codes, and coverage by geographic and political areas. The program produces a series of monthly and annual reports, reference tabulations, publications and automated media covering government and private-sector imports of merchandise into the United States, Puerto Rico and the Virgin Islands for immediate consumption as well as into (and withdrawals from) Customs-bonded warehouses and foreign trade zones. The series show quantity (where applicable), Customs value and for selected reports, Customs Insurance Freight (CIF) value (i.e. valuation which includes the cost of merchandise based on Customs value, plus insurance and freight charges). The customs value represents the value of imports as appraised by the U.S. Customs Service in accordance with the legal requirements of the Tariff Act of 1930, as amended, most recently under the Trade Agreements Act of 1979. Separate aggregations show movement by method of transportation (vessel, air, other) and provide data on U.S. port of unloading, foreign port of loading, country of origin, type of vessel service and flag of vessel.

In compliance with the Omnibus Trade and Competitiveness Act of 1988 (Trade Act of 1988), the Census Bureau publishes the official import statistics in terms of classifications based on the Harmonized Commodity Description and Coding System. In addition, in accordance with the Trade Act of 1988, the Census Bureau publishes seasonally adjusted merchandise trade data on a constant dollar basis. Also, this program provides statistical reports required by the Committee for Implementation of Textile Agreements for monitoring textile imports from all countries which have bilateral textile agreements with the United States.

Trade legislation requires compilation of information on imports under the Generalized System of Preferences (GSP), the Caribbean Basin Initiative (CBI) and the Canadian Free Trade Agreement as well as special provisions for handling imports from developing countries.

Program output	Sample size	Universe
Monthly and annual import trade statistics.........	All transactions over $1,250 (over $250 where applicable)	1,400,000 per month

Data user	Use
Bureau of Economic Analysis, Council of Economic Advisers, Federal Reserve Board, and Department of Treasury..	Develop the import components of the merchandise trade figures for the balance of payments and GDP accounts.

Data user (cont'd)	Use (cont'd)
U.S. Trade Representative...........................	Negotiate and measure the effect of tariff and trade concessions under the General Agreement on Tariffs and Trade (GATT).
Department of Commerce..............................	Implement and monitor international agreements such as the United States/Canadian Free Trade Agreement as well as bilateral agreements on quotas for textiles, steel, meat, footwear and television sets.
U.S. International Trade Commission.................	Measure the effect of U.S. tariffs on import levels. Measure effects of import trade on the U.S. market and domestic industry.
Private sector......................................	Analyze product and market development, share-of-the market, and market penetration.
Government and non-government transport industry...	Vessel and air data to measure market share, competitive status, plan promotional activities, and need for additional new types of facilities.

Export statistics. This program compiles monthly export statistics from export documents collected by the U.S. Customs Service and from information provided directly to the Census Bureau by exporters, freight forwarders and carriers. The program also includes automated data on U.S. exports provided by Canada under a program of data exchange between U.S. and Canadian agencies. This information covers all shipments individually valued over $2,500 for all countries; however, the Census Bureau estimates data for shipments valued under $2,501 for individual countries. The monthly and cumulative year-to-date statistics summarise merchandise exports in terms of the commodity classifications of Schedule B, by country of destination and by U.S. Customs district of exportation. Other reports show and interrelate data covering major commodities and groupings in terms of the Standard International Trade Classification (SITC), Standard Industrial Classification (SIC) and end-use codes, and coverage by geographic and political areas. The program produces a series of monthly and annual reports, reference tabulations, publications and automated media covering government and private-sector exports of merchandise from the United States, Puerto Rico and the Virgin Islands, and from foreign trade zones. Data items include movement of exports by vessel and air with information on value, quantity and shipping weight, U.S. port of loading, foreign port of unloading, commodity, country of destination, type of vessel service, and flag of vessel. In compliance with the Omnibus Trade and Competitiveness Act of 1988 (Trade Act of 1988), the Census Bureau publishes the official export statistics in terms of classifications based on the Harmonised Commodity Description and Coding System. In addition, in accordance with the Trade Act of 1988, the Census Bureau publishes seasonally adjusted merchandise trade data on a constant dollar basis.

The export statistics include nongovernmental shipments to foreign countries, including shipments from Foreign Trade Zones, as well as government shipments (i.e., Department of Defense Military Assistance Program, Grant-Aid shipments, economic assistance shipments, and shipments of agricultural commodities under P.L. 83-480).

The export statistics addressed in this section and the import statistics addressed above provide the basis for deriving the official U.S. monthly and annual merchandise trade balance (exports minus imports equals de surplus or deficit).

Program output	Sample size	Universe
Monthly and annual export trade statistics.........	All transactions over $2,500 per month	1,100,000

Data user	Use
Bureau of Economic Analysis, Council of Economic Advisers, Federal Reserve Board, and Department of Treasury.....................................	Develop the export component of merchandise trade figures for the balance of payments and GDP accounts.
Department of Agriculture........................	Monitor, evaluate and plan agricultural development programs and quotas.
Department of Commerce...........................	Implement and monitor international agreements such as the United States/Canadian Free Trade Agreement; promote export growth through the export promotion program.
U.S. Trade Representative........................	Conduct trade negotiations under the GATT.
Bureau of Labor Statistics.......................	Sampling for export price indexes.
Congress...	Monitor agency programs relevant to export expansion, quotas and controls.
Government and non-government transport industry...	Vessel and air data to measure market share, competitive status, plan promotional activities, need for new facilities, etc.
Private sector...................................	Employ the data in share-of-the-market analyses and market penetration studies; determine marketing policies and strategies.

Trade Monitoring. This program covers the Census Bureau responsibilities under the Trade Act of 1974, particularly Section 608 (Uniform Statistical Data on Imports, Exports and Production), Title V (Generalized System of Preferences) and Section 282 (Trade Monitoring System). Section 608 provides data on imports, exports and domestic production on a comparable basis. The commodity classification systems are revised on a regular basis, modified to reflect changing statistical needs and to improve comparability of trade and domestic production data as well as the comparison of trade data between the United States and other countries.

Title V of the Trade Act of 1974 requires data to monitor imports from designated countries and to evaluate the economic effect of the Generalized System of Preferences (GSP). The latter provides duty-free access to the U.S. market by developing countries. The compilation of GSP import data provides the means for analyzing the effectiveness of the Trade Act to promote exports and economic development in beneficiary countries. The data also provide the basis for changes in eligibility whenever GSP imports from a beneficiary country trigger the need for competitive limitations.

Section 282 of the Trade Act of 1974 requires data to monitor the relationship between imports and U.S. employment, and production by geographic region, assisting in the identification of areas affected by imported articles.

Section 608 of the Trade Act of 1974 requires the publication of Current Industrial Reports to enhance the comparability of imports, exports, and domestic production statistics. This requires continuous revisions of the import, export and output classification systems to promote comparability with the new international Harmonised System.

Government statistics

Survey of government finance operations. This survey provides statistics on the diverse aspects of state and local government financial activity. There are three parts to the survey: an annual survey on the entire range of governmental revenue, expenditure, indebtedness and assets information; a quarterly survey on Federal, state and local government tax revenues; and a quarterly survey on the finances of selected public employee retirement systems.

Annual financial statistics serve as updates of census year benchmark statistics. The revenue data include detailed tax and intergovernmental revenue information such as: tax data by the major categories of property, sales, income, licenses and permits; and intergovernmental receipts according to source of funds--Federal, state or local governments--and by the major purpose served (education, public welfare, health and hospitals, streets and highways, housing and community development, property tax relief programs and general support).

In addition to the detailed tax and intergovernmental revenue data, the statistics include data on: revenue by source, such as charges for specific services, assessments, fines and interest earnings among others; expenditure by function (or activity) and object (current operation, capital outlay and cash assistance, for example); indebtedness and debt transactions; and financial assets.

These state and local government financial statistics provide the basis for many benchmarks and analyses. The Bureau of Economic Analysis estimates the state and local sector of the annual Gross Domestic Products (GDP) accounts--about 11 percent of the total--from this information. The tax and intergovernmental revenue data base provides information to prepare analyses of fiscal policy, tax burdens and comparative studies on governmental finance. The detail by types of local government provides information on the relative activity of counties, municipalities, townships, special districts and school districts.

The Census Bureau releases financial data on a fiscal year basis in the form of nationwide totals by level and type of government (including the Federal Government), and related state-by-state area aggregations subdivided into state government and local government. The releases also provide individual government statistics for all state governments, county governments of 100,000 population or more, municipalities of 75,000 population or more, and school systems with enrollments of 15,000 or more.

The Census Bureau obtains these data in three ways: from a direct mail canvass; through a compilation by trained Census Bureau staff from reports provided by the largest governments; and through cooperative collection arrangements with state agencies which oversee, monitor, or report on the financial operations of local governments in their states. Agreements exist between 36 states and the Census Bureau whereby the states conduct the initial survey and transmit the results to the Census Bureau. The states depend upon the Census Bureau's technical and professional support for assistance in these surveys.

Program output	Sample size	Universe
Annual and quarterly government finance releases on Federal, state, and local governments	50 state governments and 12,700 local government units	86,000 government units

Data user	Use
Public officials; public interest groups; academic, financial, and business communities.........	Economic research and appraisals of government activities.
Advisory Commission on Intergovernmental Relations....	Develop recommendations regarding the financing of state and local governments and their relationship with the Federal Government.
Bureau of Economic Analysis..........................	Update the annual government sector estimates of the GDP.
Federal Reserve Board................................	Develop data for the flow of funds reports and analysis of economic conditions.
Market analysts.....................................	General measure of asset holdings and credit ratings for state and local governments.

Survey of government employment. This program provides the annual update of government employment and payroll data by type of government and function. These data provide the basic measures of public sector employment and payrolls for intercensal years. Basic data elements (variables) includes full-time employees, part-time employees, full-time equivalent employment, full-time employee gross pay, part-time employee gross pay, and full-time employee average earnings for the month of October. Survey results provide National estimates of each variable by type of government (Federal, State, county, municipal, township, school district and special district) and government function (e.g., education, police protection, public welfare, etc.) as well as State-by-State estimates of State and local government variables by level government and function. The survey is the only intercensal source of public employment and pay data at this level of detail.

Program output	Sample size	Universe
Annual public employment releases...................	50 state governments and 12,700 local government units	86,000 government units

Data user	Use
Bureau of Labor Statistics..........................	Annual benchmark adjustments in its monthly statistical series on employment and earnings.

Data user (cont'd)	Use (cont'd)
Department of Housing and Urban Development...........	Develop a public wage inflation factor for the allocation of their operational subsidy grants to local housing authorities.
Government legislators and administrators............	Comparative data on a state area, substate area and/or individual government basis for decision-making and administrative purposes.
Bureau of Economic Analysis..........................	Develop GDP statistics, GDP deflator indexes, national income and product accounts, and regional economic analyses.
Department of Agriculture...........................	Allocate administrative funds to states participating in the Special Supplemental Food Program for Women, Infants and Children.
Tax foundations and citizen interest groups..........	Monitor and analyze the efficiency of the public sector.

Formula grant data. Major products include the identification and classification of governmental entities, measurement of local government revenues, preparation of detailed individual unit data and verification of data elements used for fund distribution.

Program output	Universe
Classification of all governments by types. Identification of revenues by types and data element tapes for public use........................	All 86,000 government units.

Data user	Use
Federal agencies, Congress, and state governments.....	Administer aid distribution formulas and measure governmental fiscal capacity.

Federal financial statistics. The Federal Assistance Award Data Systems (FAADS) serves as the central source of information in the United States on all Federal domestic financial assistance programs. Information on each award includes the assistance program and amount funded, the Federal agency responsible for the program, type and name of recipient, and geographic location of the recipient (including the congressional district). The Census Bureau collects quarterly data in a standard, machine-readable format directly from Federal agencies administering the assistance programs. The FAADS program is required by Title 31, Section 6102 (a) of the U.S. Code.

The Consolidated Federal Funds Report (CFFR) provides statistics on Federal Government expenditures or obligations in each state and territory, county and municipality. Coverage of the CFFR includes Federal salaries and wages, procurement, grants and direct payments for individuals, as well as Federal insurance and loan programs. The Census Bureau issues a series of three annual publications, each covering different levels of geographic detail (state, county and subcounty). The Office of Management and Budget has selected the Census Bureau to be data collection agent for the CFFR. The CFFR is the only central source of information on the geographic distribution of virtually all Federal spending.

Program output	Universe
Federal Assistance Award Data System (FAADS)..........	All Federal financial assistance awards listed in the Catalog of Federal Domestic Assistance (about 750 programs). Includes grants, loans, insurance and direct payments.
Consolidated Federal Funds Report (CFFR).............	82 percent of Federal budget outlays. Excluded outlays are principally interest on Federal debt and international transactions, i.e., outlays not allocated among the states.

Data user	Use
Congress..	Provide data on Federal Government role by state/district, program or spending category.
State governments.....................................	Notification of Federal grant awards in conjunction with Executive Order 12372.
Office of Management and Budget (OMB)................	Meet requirements of 31 U.S. Code 6102(a), which requires OMB to maintain a grant award information system. Outlays not allocated among the states.

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Current surveys and statistics
Subactivity: Current demographic statistics

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Household surveys	Pos./BA	500	$41,877	537	$42,010	585	$46,533	578	$45,152	(7)	(1,381)
	FTE/Oblig.	837	$41,907	877		928		915		(13)	
Population and housing analyses	Pos./BA	104	4,987	110	5,029	120	5,609	119	5,449	(1)	(160)
	FTE/Oblig.	83	4,839	87		97		96		(1)	
Total	Pos./BA	604	46,864	647	47,039	705	52,142	697	50,601	(8)	(1,541)
	FTE/Oblig.	920	46,746	964		1,025		1,011		(14)	

Note: The increase/decrease column includes the initiative, administrative savings, FTE savings and offsetting collections from Census data sales.

Exhibit 12

Department of Commerce
Bureau of the Census
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Current surveys and statistics
Subactivity: Current demographic statistics

Goal Statement

The goal of the Current Demographic Statistics program is to ensure that the content, operations, and products of our household surveys and analyses continue to provide policy-makers and program managers with socioeconomic, demographic and housing information that is timely, accurate, cost effective, and completely relevant to Federal public policy needs for domestic and international information.

Objectives:

The objectives of the Current Demographic Statistics program, which provides a broad range of official statistics, include: steady improvement of data collection and processing systems by the cost-effective introduction of advanced technology, new methods, and improved scientific statistical techniques; enhancement of the quality, relevance and timeliness of our reports and projections on the social, economic and demographic characteristics of the Nation's people with special attention to topics (e.g. poverty) and groups (e.g. children) that are focal points for Federal programs; sustaining accurate measurements of the composition and use rates of the Nation's housing stock as well as monitoring and reporting homeownership trends; and providing up-to-date international estimates and projections of population and related trends as well as providing training and technical assistance on statistical programs to other nations and to international organizations.

Base Program

Household surveys

Current population survey. The Census Bureau shares funding of the Current Population Survey program (CPS) with the Bureau of Labor Statistics. The survey provides the official government estimates of employment, unemployment and related data on the characteristics of the labor force and persons not currently in the labor force. The Census Bureau funding supports the monthly collection of demographic data and the supplemental inquiries on income and education as well as the managerial responsibilities for the technical operations of the survey, including quality control maintenance.

In addition to the estimates related to the labor force, the Current Population Survey--along with the Survey of Income and Program Participation (SIPP)--provides a major intercensal source of information on general socioeconomic characteristics of the U.S. population. For example, in March of each year, the

CPS serves as the vehicle for a major supplemental inquiry which produces the official estimates of personal and family income, number and type of families, and the number of families and persons living in poverty. This supplement also produces data showing migration trends between regions of the country, and metropolitan/non-metropolitan residences. The CPS also collects information on school enrollment, educational attainment, future birth expectations, and changes in the number of families and their composition. The Census Bureau obtains these data by adding supplemental questions to the survey at various times throughout the year and tabulates them by age, race, sex, Spanish origin, veteran status, and other demographic variables. Also, through supplemental inquiries, the CPS serves as the vehicle for collecting a wide range of data requested and paid by other Federal agencies.

The basic demographic data collected in the CPS are used in three principal ways: (1) internal analytical research; (2) evaluation of other survey results; and (3) use in association with data such as the monthly labor force or supplement publications. The data set which results from combining the monthly labor force data with the demographic data provides the ability to understand labor force patterns of many subpopulation groups.

The Census Bureau obtains monthly estimates which meet the Bureau of Labor Statistics standards of reliability for the country as a whole, the 11 largest states, the Los Angeles MSA, and New York City. The Census Bureau also produces annual estimates meeting specified reliability requirements for the 39 remaining states, District of Columbia, 30 large metropolitan statistical areas and 11 of their central cities. These data are among the most important U.S. indicators measuring the status and progression of the national economy on a current basis. Consequently, these indicators are key inputs to the decision-making process for national economic policy and the evaluations, forming the basis for the discontinuance, modification or creation of national economic programs. Sub-national data from the CPS are the basis for the distribution of Federal funding allocated each year to areas based on unemployment levels and rates.

During FY 1995, in addition to the work described above, we will continue to enhance the user interface module of the data processing system. This modernization will utilize up-to-date software techniques and hardware, and will produce a system that is fully integrated from data collection through final data formats. The new system will be more efficient and will yield data products that are compatible with current technology and in formats responsive to analyses.

Program outputs	Sample size	Universe
Monthly and annual average tabulations of employment and unemployment data crossed by demographic characteristics..................	57,000 interviewed households per month	Approximately 93 million households
Annual report on income, poverty, fertility, migration, family status, school enrollment, educational attainments and other topics.....	57,000 interviewed households per month	Approximately 93 million households

Data user	Use
Bureau of Labor Statistics......................	Analyses and releases of official employment and unemployment in its monthly publication, "Employment and Earnings."
Council of Economic Advisers, Federal Reserve Board, Congress, Federal agencies, universities, and private organizations......................	Analyze the status of U.S. economy and formulate/evaluate economic policy.

Methods development survey. This program provides a means to test and develop alternative survey methodologies and concepts needed to improve the quality and reliability of demographic surveys. Improvements derived from this program are applicable to the Current Population Survey (CPS), Survey of Income and Program Participation (SIPP) and other demographic surveys of national importance, including those providing statistical measures of crime, housing, health, consumer income and expenditures. Any enhancements to the Methods Development Survey will affect Federal programs which provide the statistics for funding allocations to state and local areas.

This program investigates all facets of survey operations, i.e., interviewing methods, response bias, quality control procedures and questionnaire design. The kinds of methodologies tested in the first phase of this program included telephone versus personal interviews, response differences between household members, and interviewer conditioning. Having completed the testing of these different data collection procedures, the Census Bureau issued reports on the effect of these procedures. The earlier phases of the testing focused on the content recommendations made by the National Commission of Employment and Unemployment Statistics (NCEUS) for the CPS. Several of these recommendations have been incorporated into the CPS. During FY 1988 and 1989, the Census Bureau completed the evaluation of Computer Assisted Telephone Interviewing (CATI) in the Current Population Survey and began introducing this data collection methodology into production use for this survey.

During FY 1990 and FY 1991, the Census Bureau turned its attention to Computer Assisted Personal Interviewing (CAPI). This work continues. In FY 1995, the Census Bureau is developing operational procedures, testing recommendations from various outside technical experts, improving processes for documenting the system designs and databases, conducting research on human-computer interfaces, and exploring ways to simplify the development of questionnaires in an automated environment.

We will also continue our evaluation of a fully integrated and automated data collection methodology. In addition, we will evaluate different methods/approaches to improve our survey processes. These methods will cover a broad range of survey improvement applications such as data collection via touchtone data entry/voice recognition; generalized data editing systems; survey development and processing using a team concept approach; and a centralized database for survey development, processing and documentation. These survey improvement activities will have applicability to many of our household surveys.

Program outputs	Sample size	Universe
Census Bureau internal evaluation files and reports..............................	Variable; average 1,000 households per month	Approximately 93 million households

Data user	Use
Census Bureau..................................	Development and evaluation of more accurate and efficient survey methodologies.

Survey of Income and Program Participation. This survey is designed to satisfy the need for improved data on the economic situation of persons and families in the United States. Information covers sources of money and non-money income, taxes, and assets and liabilities to produce improved estimates of income distribution, poverty, and wealth. The survey provides data to study the efficiency of Federal and state transfer and service programs; to estimate future program costs and coverage; and to assess the effects of welfare, tax, Social Security reform proposals, and other proposed policy changes.

After a series of budget reductions in the 1980's, we began a sample restoration process in 1991 to return the program to its intended design. The 1991 Panel contains 14,000 households which were interviewed eight times and overlaps the 1990 Panel for 1 2/3 years. The 1992 and 1993 Panels each include 20,000 households that will be interviewed at four month intervals over a three-year period. These panels produce longitudinal data such as intra-year transitions into and out of poverty, and the characteristics of persons and families who become eligible for government assistance programs or those who no longer are eligible due to changing economic circumstances. The reliability of these longitudinal estimates improved by 20 percent over the smaller panels fielded earlier.

Further design changes will improve the reliability of estimates for special populations such as those in or near poverty; provide more complete information about the length of time units receive benefits from Federal transfer programs such as Aid to Families with Dependent Children; improve data quality with a conversion to computer-assisted data collection; and provide easier user access to survey data. In order to make these changes budget neutral, newly introduced panels will be interviewed over a longer time period and replacement panels will not begin until the previous panel ends.

Fiscal Year 1995 activities include supporting the continuing redesign activities as well as conducting interviews for two waves of the 1992 and three waves of the 1993 Panels; a dress rehearsal of the redesigned survey; training the interviewing staff to conduct computer assisted interviews; computer editing and reformatting data from the 1992 and 1993 panels for analytical purposes; continuing project management and planning; data analysis; preparing data products, including published reports and public use microdata files; research on data quality improvements and coordination with Federal agencies to ensure that the survey content is properly focused.

Program outputs	Sample size	Universe
Publications (i.e., sets of periodic or single-term reports)..............	20,000 interviewed households from the 1992 and 1993 Panels	Approximately 93 million households

Program outputs (cont'd)	Sample size (cont'd)	Universe (cont'd)
Microdata public use files on computer tapes (Cross-sectional analysis files for each interview wave of each panel and a longitudinal file covering all waves in a panel) and direct access to public use files through the SIPP-On-Call program.............	20,000 interviewed households from the 1992 and 1993 Panels	Approximately 93 million households

Data user	Use
Congressional Budget Office and Congressional Research Service................	To study the low income population, elderly population and health insurance coverage.
Department of Agriculture.....................	To analyze the Food Stamp and School Lunch programs, including the effects of assets on food stamp eligibility.
Department of Labor..........................	To study market-related hardship measures and changes in the labor force and dependency status through time.
Social Security Administration................	To study social security beneficiaries by reason for benefits, levels of income, and demographic/economic characteristics such as assets holdings and pension coverage.
National Center for Health Services Research..	To examine the characteristics of the Medicare elderly who also have private health insurance.
Small Business Administration.................	To study labor mobility by size of firm.
Office of Child Support Enforcement...........	To determine the amounts of savings which can be realized if child support were included in the income test for AFDC, food stamps and Medicaid.
Academic researchers.........................	To examine changes in family and household structure which occur over short periods of time and last for short durations. To research changes in school enrollment, geographic mobility, labor force participation, and marital status.

Population and Housing Analyses

Population characteristics. Reports based on information from the Current Population Survey (CPS), the Survey of Income and Program Participation (SIPP), and other surveys provide the data essential for planning and evaluating public and private programs. These reports include special analyses and current statistics on a wide range of topical concerns. The Census Bureau presents data on race, age, sex, Hispanic origin, household, family and personal income (both money and non-money), employment and unemployment, occupation and industry, marital status, fertility, childcare arrangements and costs, family and household living arrangements, educational attainment, characteristics of students and dropouts, voting, migration and residence (metropolitan and nonmetropolitan, urban and rural).

The reports for these subject-matter areas provide cross-classifications of characteristics for analytical purposes, and special analytical studies to profile the changes in American social and economic life.

In addition to the recurring reports, the Census Bureau recently published special studies on American families, non-cash benefits, extended measures of well-being, child support and alimony, trends in childspacing, selected characteristics of travel to work in metropolitan areas, characteristics of the older population, geographic mobility of Americans, value of education, computer use, money income and poverty status of families and persons, household money income, household income after taxes, support for nonhousehold members, childcare, disability and health insurance coverage, immigration to the United States, and household formation and dissolution.

The Census Bureau will continue work on statistical tables and analytical texts for publication in the Current Population Reports (CPR). These reports describe relevant demographic, economic and social characteristics of the U.S. population and are usually published annually. Also, the Census Bureau will continue to collect and publish nationwide data projecting the number of persons of voting age, voter registration and participation for congressional election and presidential election years.

Data user	Use
Department of Justice, Housing and Urban Development, Agriculture, Health and Human Services, Education, Labor, Transportation, Department of Veterans Affairs, U.S. Civil Rights Commission, Federal Elections Commission, libraries, state and local governments, business and academic researchers, and the general public...........	Determine the basic conditions of resources; measure changes in the demographic, and social situation; understand the current national situation in relation to income, education, language proficiency, childcare, racial and ethnic groups, the aged and other areas.

Population estimates and projections. Reports provide regular estimates of the U.S. population by age, sex, race and Hispanic origin and population of states and counties by age, sex and race. Analytical reports describe trends in population distribution and their components of population change. These estimates provide control totals for weighting sample surveys; denominators for Federal time series; and population levels for Federal and State program planning.

The Census Bureau prepares projections on population and households for future years for the United States and the states by age, race, sex, and Hispanic origin. The following data sources are used to prepare these estimates and projections: census population details, births, deaths, immigration, school enrollment, housing statistics, social security data, medicare data, Internal Revenue Service data, immigration-emigration data, and special supplements to the CPS.

In addition, the Census Bureau provides assistance in the interpretation and use of estimates and projections. We work with state agencies under the Federal-State Cooperative Programs for population estimates and for population projections to prepare (a) the county estimates by using standard procedures which ensure consistency with the state and national estimates, and (b) appropriate projection techniques.

Data user	Use
Federal, state and local governments, media, business and academic researchers, and the general public......	Determine the distribution of Federal program funds on the basis of population; provide population data for program administration and planning purposes; identify changes in population size and distribution; provide survey controls and denominator for Federal time series.

Demographic and Housing Analyses. This program develops data files and prepares and publishes analyses of the relationship of demographic trends, housing patterns, and socioeconomic changes in order to foster greater understanding and more effective use of recurring national surveys (e.g., the American Housing Survey, the Current Population Survey, and the Survey of Income and Program Participation). Publications, data files, and other results are made available to the general public, government agencies, policy-makers at many levels of government, and the business and academic communities.

During FY 1995, we will review and prepare analyses for specific changes such as: (1) the size and composition of central-city populations and their housing conditions; (2) duration of occupancy of housing units and turnover; (3) population redistribution and changes in the location and supply of seasonal housing; (4) longitudinal changes in households and how demographic events like marriage and divorce affect the well-being of children, families, and households; and (5) frequency, concomitants, and correlates of children's residential mobility.

Data user	Use
Cabinet-level departments, Congressional committees, state and local officials, researchers, librarians, and the general public................................	Identify program-relevant changes in city populations, households, families, and subpopulations of special interest.

Foreign research and analysis. This program provides economic, social and demographic information on the Newly Independent States (former USSR), China, and East European countries; however, it does not provide training and assistance to these countries. Major data series produced under this program include macro-economic measures, national and financial accounts, population estimates and projections, labor force, and health indicators. The program emphasizes expert knowledge of the statistical systems and methods used in these countries. The program supports official contacts and exchanges with these and other countries' statistical offices plus a research library. The information and knowledge from this subactivity are needed to assess the economic and social stability of these countries and their potential as markets.

Housing statistics. This program conducts the Housing Vacancy Survey which produces basic information on the current housing market. The vacancy rates for rental and homeowner units and homeownership rates are produced on a quarterly and annual basis for the country as a whole, four major geographic regions, and "inside-outside" metropolitan areas by central cities and suburbs. The annual report contains vacancy rates and homeownership rates for states and selected metropolitan areas. The rental vacancy rate from the Survey is a component of the index of leading economic indicators published by the Department of Commerce. The quarterly and annual reports include counts of the total housing inventory as well as data on selected characteristics of the vacant units, i.e., number of rooms, year built, duration of vacancy, monthly rent asked and sales price asked. Quarterly and annual vacancy rates cover units with selected housing characteristics (number of rooms, year built, value and rent) for the rental and homeowner inventories. Homeownership rates are also available by age, sex, and family status of householders. Data from the survey are vital to public and private organizations in evaluating housing markets and in determining the number and characteristics of units available for occupancy and the level of homeownership. The Census Bureau compiles the vacancy information from the Housing Vacancy Survey questionnaires which are an addendum to the Current Population Survey.

Program output	Sample size	Universe
Four quarterly press releases, four quarterly reports, and one annual report......................	71,000 housing unit sample of which approximately 10 percent are vacant	All residential housing units within the 50 states and District of Columbia

Data user	Use
Federal Reserve Board, Department of Housing and Urban Development, Bureau of Economic Analysis, and state and local government agencies...............	Measure types of housing available and levels of demand for housing in United States.
Home builders, mortgage companies and real estate agencies..................	To determine the types of housing construction needed, the types in which surpluses exist and to monitor the level of homeownership.

Exhibit 10

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Current surveys and statistics
Subactivity: Survey development and data services

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 base	
Line item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Survey development and data services	Pos./BA	50	$3,195	54	$3,215	54	$3,595	53	$3,490	(1)	(105)
	FTE/Oblig.	53	$3,062	56		56		55		(1)	
Total	Pos./BA	50	3,195	54	3,215	54	3,595	53	3,490	(1)	(105)
	FTE/Oblig.	53	3,062	56		56		55		(1)	

Note: The increase/decrease column includes the initiative, administrative savings, FTE savings and offsetting collections from Census data sales.

Department of Commerce
Bureau of the Census
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Exhibit 12

Activity: Current surveys and statistics
Subactivity: Survey development and data services

Goal Statement

The goals of Survey Development and Data Services are to identify, adapt, develop and promote new or improved methods and procedures, including automated systems and advanced technologies, to conduct the Census Bureau's statistical operations, and related activities; to provide basic statistical reference volumes and guides to sources of statistics; and to provide reports which facilitate and encourage the widespread use of the best data for decision-making at all levels.

Objectives:

The objectives of Survey Development and Data Services are to develop the Census Bureau's general research capability in survey design and estimation, time series analysis, and special experimental and evaluation studies; to undertake a program of applied research and development, focusing on statistical and technological solutions to Bureau-wide processing problems; to prepare and release the annual Statistical Abstract of the United States, annual Census Catalog and Guide, and Monthly Product Announcement; to plan and develop other statistical reference sources; and to prepare and release guides and directories to assist data users in accessing Census Bureau statistics.

Base Program

Survey development and data services

This subactivity/line item provides for programs in three areas: statistical abstracts and supplements, general research, and data systems development.

Statistical abstracts and supplements: The Census Bureau has issued the Statistical Abstract of the United States annually since 1878, except in 1926 and 1944. The abstract provides a comprehensive summary of industrial, social, economic and political data. It serves as a statistical compendium and as a guide to other statistical publications and sources. It includes over 1,500 tables and charts drawn from data of over 200 government, private and international agencies. The Statistical Abstract is the principal source for annual statistics describing the social and economic structure of the United States. An extension of the Abstract program includes planning and development of selected periodic supplements, including the County and City Data Book, and State and Metropolitan Area Data Book, and Historical Statistics of the United States. A recent survey defined the following users of the Statistical Abstract: congressional offices, administrators and planners at all levels of government; businesses; market analysts; researchers and educators; students; writers and librarians.

The Census Catalog and Guide is a complete guide to all Bureau programs, publications, special tabulations, and computer-based files. It provides detail on content, periodicity and price for all products. This publication is the Census Bureau's official record of reports and activities. The Catalog/Guide keeps the public informed about the vast flow of census reports and the availability of data by way of the Census Bureau's computer files in a controlled and dependable manner. Portions of the Catalog/Guide are maintained on computer-based, on-line retrieval systems for access by users. The Census Bureau supplements the annual Catalog/Guide by the Monthly Product Announcement which is a monthly list of all new publications, computer tapes, microfiche and other products. In addition, the Census Bureau prepares and issues the Daily List (for use within the Department of Commerce and, by paid subscription, by others) which provides a daily inventory of every report, press release, data file, microfiche and map which it issues, and listing all reports transmitted to the printer with estimated release dates.

Data user	Use
Congressional staffs/research areas..................	Policy background and research information.
State/local government planners and officials........	Research, economic development indicators, and input for state statistical publications.
Librarians...	Reference and research on national policy developments, conditions, and local trends.
Private business and marketing staffs................	Determine market areas, trends and local conditions; and to measure current and historical trends by industry or product.
Educators and students...............................	Research on national trends and lecture background material on uses and kinds of statistics.

General research: General Research investigates problems where the solution is applicable to more than one program, or where a unified approach can be more effective than individual efforts by each program. These areas of study and application include sampling theory and design; quality assurance; record linkage; time series analysis; technology assessment; coverage measurement; and other aspects of the collection, processing or analysis of data which bear on the cost and usefulness of the resulting information. This continuing research effort allows scientific and technology developments, resulting in improved statistics and a higher level of responsiveness to data users.

For FY 1995, the Census Bureau will research and develop improved editing, quality assurance and small area estimation techniques for decennial, demographic and economic programs. We will research methods of estimating standard errors of seasonally adjusted time series. We will develop and evaluate prototypes of emerging data collection technologies. Also, the Census Bureau will continue to develop and refine statistical techniques for record linkage that can be used to match administrative data to census or survey data as well as other data bases. Finally, we will examine issues related to coverage measurement in the decennial, demographic and economic programs of the bureau.

Data systems development: The Data Systems Development program provides resources to identify, adapt, test, and evaluate advanced hardware and software technologies that will improve the processing, timing, quality, and usefulness of Census Bureau statistical programs. The applied research will focus on those technologies that offer the greatest potential benefits to major Census Bureau statistical programs. Among the technologies to be investigated and tested are:

- Improved methods of data capture for all censuses and surveys
- Document imaging technologies permitting the processing of electronic images
- Development of a centralized telecommunication control system
- Expanded use of expert systems and artificial intelligence
- Advanced database management software and hardware

For FY 1995, the Census Bureau will continue to test various methods of data capture using state-of-the-art technology, explore potential uses of optical imaging technology; contract with outside experts to utilize better artificial intelligence in census processing; and begin development of an advanced telecommunication system. We will select projects and procure prototype technology to permit testing in a production environment.

Exhibit 16

Department of Commerce
Bureau of the Census
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation					
11.1	Full-time permanent	$63,204	$63,500	$69,933	$73,168	$3,235
11.3	Other than full-time permanent	11,254	12,917	14,242	14,424	182
11.5	Other personnel compensation	1,756	1,029	1,089	1,094	5
11.8	Special personnel services payments	0	148	148	146	(2)
11.9	Total personnel compensation	76,214	77,594	85,412	88,832	3,420
12.1	Civilian personnel Benefits	17,295	17,614	19,793	20,938	1,145
13	Benefits for former personnel	73	12	25	26	1
21	Travel and transportation of persons	2,888	3,380	3,600	3,460	(140)
22	Transportation of things	280	228	235	211	(24)
23.1	Rental payments to GSA	9,504	10,022	10,436	11,067	631
23.2	Rental payments to others	578	600	600	575	(25)
23.3	Commun., util., misc. charges	4,537	4,538	5,119	4,895	(224)
24	Printing and reproduction	1,581	1,940	2,101	2,161	60
25.1	Consulting services	462	538	538	487	(51)
25.2	Other services	5,558	5,803	6,286	5,682	(604)
25.3	Purchases of goods and svcs. from gov't accts.	2,906	2,880	5,334	5,342	8
26	Supplies and materials	2,211	1,754	1,856	1,812	(44)
31	Equipment	2,633	1,383	1,431	1,897	466
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	15	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0	0
43	Interest and dividends	9	0	0	0	0
44	Refunds		0	0	0	0
99	Subtotal, Direct Obligations	126,744	128,286	142,766	147,385	4,619
	TOTAL, BUDGET AUTHORITY			142,766	147,385	4,619

NOTE: The 1994 and 1995 object class spread does not match the President's Appendix.

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
Personnel financed from direct obligations					
Compensable workyears:					
Full-time permanent	1,821	1,819	1,974	2,078	104
Other than full-time permanent	510	635	635	641	6
Total	2,331	2,454	2,609	2,719	110
Authorized Positions:					
Full-time permanent	1,926	2,043	2,194	2,343	149
Other than full-time permanent	1,667	1,762	1,762	1,760	(2)
Total	3,593	3,805	3,956	4,103	147
Personnel financed from offsetting collections					
Compensable workyears:					
Full-time permanent	1,777	2,364	1,839	1,839	0
Other than full-time permanent	1,141	1,380	1,241	1,241	0
Total	2,918	3,744	3,080	3,080	0
Authorized positions:					
Full-time permanent	1,563	2,458	1,735	1,735	0
Other than full-time permanent	1,963	2,910	1,461	1,461	0
Total	3,526	5,368	3,196	3,196	0

Department of Commerce
Bureau of the Census
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 17

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	$4	$118	$116	($2)
	Senior executive service	43	1,107	1,089	(18)
	General schedule	6,353	67,889	71,155	$3,266
	Commisssioned officers	0	0	0	
	Wage board/wage marine	33	819	808	(11)
	Scientific & professional (P.L. 80-313)	0	0	0	
	Examiners of patent appeals (P.L. 82-593, 98-622)	0	0	0	
	Examiners of trademark appeals (P.L. 98-622)	0	0	0	
	Senior foreign service	0	0	0	
	Foreign service staff	0	0	0	
	Foreign service nationals	0	0	0	
	Consultants & experts	0	0	0	
	Students	0	0	0	
	Subtotal	6,433	69,933	73,168	3,235
11.3	Other than full-time permanent				
	General schedule	1,089	11,223	11,451	228
	Wage board	34	805	792	(13)
	Experts & consultants	0	0	0	0
	Hourly	202	2,214	2,181	(33)
	Subtotal	1,325	14,242	14,424	182
11.5	Other personnel compensation				
	Overtime	25	467	467	0
	SES performance awards	15	272	268	(4)
	Cash awards	14	253	260	7
	Merit pay awards	6	97	99	2
	Other	0	0	0	0
	Subtotal	60	1,089	1,094	5
11.8	Special personnel services payments				
	Foreign service officers (State)	0	148	146	(2)
	Other	0	0	0	
	Subtotal	0	148	146	(2)
11.9	Total personnel compensation	7,818	85,412	88,832	3,420

Department of Commerce
Bureau of the Census
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 17

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	$300	$3,201	$3,151	($50)
	Federal employees' retirement	432	4,644	5,181	537
	Thrift savings plan	254	1,315	1,459	144
	Federal insurance contribution act	347	5,117	5,382	265
	Health insurance	450	3,613	3,827	214
	Life insurance	16	176	207	31
	Employees' compensation fund	380	1,671	1,675	4
	Other	0	56	56	0
	Subtotal	2,179	19,793	20,938	1,145
13	Benefits for former personnel				
	Severance pay	0	0	0	0
	Unemployment compensation	13	25	25	0
	Other	0	0	1	1
	Subtotal	13	25	26	1
21	Travel and transportation of persons				
	Common carrier	13	247	310	63
	Mileage	86	1,733	1,596	(137)
	Per diem/actual	121	1,620	1,548	(72)
	Vehicular	0	0	6	6
	Other	0	0	0	0
	(Overseas estimates)	0	0		
	Subtotal	220	3,600	3,460	(140)
22	Transportation of things	7	235	211	(24)
	(Overseas estimates)				
23.1	Rental payments to GSA	414	10,436	11,067	631
23.2	Rental payments to others	0	600	575	(25)
23.3	Communications, utilities and miscellaneous charg	0			
	Rental of ADP equipment	55	448	435	(13)
	Rental of office copying equipment	53	427	446	19
	Other equipment rental	10	85	94	9
	Telecommunications services	163	1,726	1,457	(269)
	Postal Service by USPS	293	2,340	2,371	31
	Other	7	93	92	(1)
	(Overseas estimates)	0	0		
	Subtotal	581	5,119	4,895	(224)

Department of Commerce
Bureau of the Census
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 17

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
	Subtotal	581	5,119	4,895	(224)
24	Printing and reproduction				
	Publications	$68	$836	$865	$29
	Public use forms	45	562	602	40
	Envelopes	7	84	94	10
	Other	41	619	600	(19)
	[Payments to GA, WCF]	0	0	0	
	[Overseas estimates]	0	0	0	
	Subtotal	161	2,101	2,161	60
25.1	Consulting services				
	Mgt. and professional support services	0	210	190	(20)
	Studies, analyses, & evaluation	0	199	180	(19)
	Engineering & technical services	0	129	117	(12)
	[Overseas estimates]		0	0	
		0	538	487	(51)
25	Other services				
	Training:				
	University	3	39	27	(12)
	Other	9	121	83	(38)
	Maintenance of equipment	70	896	636	(260)
	GSA reimbursable services	75	950	903	(47)
	ADP services	2	21	29	8
	Other non-government contracts	241	3,119	2,895	(224)
	Other	83	1,140	1,109	(31)
	[Overseas estimates]				
	Subtotal	483	6,286	5,682	(604)
25.3	Purchases of goods and svcs. from gov't accts.	2,454	5,334	5,342	8
26	Supplies and materials				
	Office supplies	45	844	840	(4)
	ADP supplies	53	884	853	(31)
	Other	4	128	119	(9)
	[Overseas estimates]				
	Subtotal	102	1,856	1,812	(44)

Department of Commerce
Bureau of the Census
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 17

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
31	Equipment				
	Office machines and equipment	16	597	784	187
	ADP hardware	15	431	612	181
	ADP software	3	59	162	103
	Other	14	344	339	(5)
	[Overseas estimates]				
	Subtotal	48	1,431	1,897	466
32	Lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0
43	Interest and dividends	0	0	0	0
44	Refunds	0	0	0	0
99	Total Obligations	14,480	142,766	147,385	4,619
	Less prior year recoveries				
	Total Budget Authority	14,480	142,766	147,385	4,619

Exhibit 33

Department of Commerce
Bureau of the Census

Salaries and Expenses
Appropriation Language and Code Citations:

1. For expenses necessary for collecting, compiling, analyzing, preparing, and publishing statistics, provided for by law, $147,385,000.

    13 U.S.C. 4, 6, 8(b), 12, 61-63, 81, 91, 181, 182, 301-307, 401; 15 U.S.C. 1516, 4901 et seq.; 19 U.S.C. 1484(e), 2354, 2393; 31 U.S.C. 6202; 44 U.S.C. 1343.

    13 U.S.C. 4 authorizes the Secretary to "perform the functions and duties imposed upon him by this title," or he may delegate any of them "to such officers and employees of the Department of Commerce as he may designate."

    13 U.S.C. 6, 8(b), 12, 61-63, 182, 301-307 provide for (1) acquisition of information from other organizations, public and private; (2) conducting joint statistical projects with nonprofit organizations or agencies; (3) conducting mechanical and electronic developmental work as needed; (4) collection and publication of statistics on fats and oils; (5) collection and publication of statistics relating to the domestic apparel and textile industries; (6) collection and publication of quarterly financial statistics of business operations; (7) conducting current surveys on statistical subjects covered by periodic censuses; and (8) compilation and publication of information on imports, exports, and mode of transportation.

    13 U.S.C. 181 provides that "The Secretary...shall annually produce and publish for each state, county, and local unit of general purpose government which has a population of fifty thousand or more, current data on total population and population characteristics and... shall biennially produce and publish for other local units of general purpose government current data on total population."

    13 U.S.C. 401 provides that "The Bureau of the Census shall exchange with the Bureau of Economic Analysis of the Department of Commerce information collected under this title, and under the International Investment and Trade in Services Survey Act, that pertains to any business enterprise that is operating in the United States, if the Secretary of Commerce determines such information is appropriate to augment and improve the quality of data collected under the International Investment and Trade in Services Survey Act."

    15 U.S.C. 1516 provides that "The Secretary of Commerce shall have control of the work of gathering and distributing statistical information naturally relating to the subjects confided to his department...He shall also have authority to call upon other departments of the government for statistical data and results obtained by them; and he may collate, arrange, and publish such statistical information so obtained in such manner as to him may seem wise."

15 U.S.C. 4901 et seq. provides that "The Secretary (of Commerce) shall establish the (National Trade) Data Bank. The Secretary shall manage the Data Bank."

19 U.S.C. 1484(e) provides that "The Secretary of the Treasury, the Secretary of Commerce, and the United States International Trade Commission are authorized and directed to establish... an enumeration of articles...comprehending all merchandise imported into the United States and exported from the United States, and shall seek, in conjunction with statistical programs for domestic production and programs for achieving international harmonization of trade statistics, to establish the comparability thereof with such enumeration of articles."

19 U.S.C. 2354 provides that "Whenever the (International Trade) Commission begins an investigation...with respect to an industry, the Commission shall immediately notify the Secretary (of Commerce) of such investigation, and the Secretary shall immediately begin a study of:

(1) the number of firms in the domestic industry producing the like or directly competitive article which have been or are likely to be certified as eligible for adjustment assistance, and

(2) the extent to which the orderly adjustment of such firms to the import competition may be facilitated through the use of existing programs."

19 U.S.C. 2393 provides that "The Secretary of Commerce and the Secretary of Labor shall establish and maintain a program to monitor imports of articles into the United States which will reflect changes in the volume of such imports, the relation of such imports to changes in domestic production, changes in employment within domestic industries producing articles like or directly competitive with such imports, and the extent to which such changes in production and employment are concentrated in specific geographic regions of the United State."

31 U.S.C. 6202 provides that the Director of the Office of Management and Budget "shall prepare a Consolidated Federal Funds Report presenting the total amount of Federal funds that were obligated for expenditure or expended in each State, county or parish, congressional district, and municipality of the United States in appropriate general categories of Federal funds during the preceding fiscal year." The Director of the Office of Management and Budget has delegated the responsibility for preparing the report to the Bureau of the Census.

44 U.S.C. 1343 provides that "In addition to the usual number of the Statistical Abstract of the United States, twelve thousand copies shall be printed: three thousand for the Senate, six thousand for the House of Representatives, and three thousand for distribution by the Secretary of Commerce."

Exhibit 34

Department of Commerce
Bureau of the Census

Salaries and Expenses
CONSULTING AND RELATED SERVICES
(Obligations in thousands)

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Management and professional support svcs.	$263	$462	$353
Studies, analysis and evaluations	33	14	23
Engineering and technical services	166	62	111
Management and support services for research and development	0	0	
TOTAL	462	538	487

The principal uses of advisory and assistance services in the salaries and expenses appropriation are to make the data collected by the Census Bureau more useful to the user community.

Exhibit 5

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Budget Authority	FTE	Direct Obligations
	Appropriation, 1994	1,637	$110,000	1,993	$120,488
	less: Obligations from prior years	0	0	0	(10,000)
	plus: Planned cyclical changes in periodic censuses	18	34,640	173	34,152
CEN-	plus 1995 adjustments to base:	(4)	6,846	(4)	6,846
	less: Prior year recoveries	0	(2,772)	0	0
	1995 Base	1,651	148,714	2,162	151,486
	less: Administrative savings	0	(1,063)	0	(1,063)
	less: FTE savings	(34)	(1,160)	(34)	(1,160)
	plus 1995 program changes	116	12,509	87	12,509
	1995 Estimate	1,733	159,000	2,215	161,772

	Comparison by activity/subactivity, with subtotals by activity:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 base	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
	Economic statistics programs:											
CEN-	Economic censuses	Pos./BA	720	$45,355	520	$37,494	396	$30,297	382	$29,664	(14)	($633)
		FTE/Obl.	907	49,067	657	37,594	414	30,297	400	29,664	(14)	(633)
CEN-	Census of governments	Pos./BA	52	2,692	37	2,892	38	2,604	36	2,515	(2)	(89)
		FTE/Obl.	55	3,201	45	2,896	39	2,604	37	2,515	(2)	(89)
CEN-	Census of agriculture	Pos./BA	336	28,064	336	19,972	196	13,605	189	13,183	(7)	(422)
		FTE/Obl.	526	30,293	351	20,045	205	13,605	196	13,183	(7)	(422)
	Subtotal	Pos./BA	1,108	76,111	893	60,358	630	46,506	607	45,362	(23)	(1,144)
		FTE/Obl.	1,488	82,561	1,053	60,535	656	46,506	633	45,362	(23)	(1,144)

	Comparison by activity:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 base	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
	Demographic statistics programs:											
CEN-	Intercensal demographic estimates	Pos./BA	50	$3,594	60	$6,025	62	$5,876	60	$5,745	(2)	($131)
		FTE/Obl.	48	3,604	65	6,044	65	5,876	63	5,745	(2)	(131)
CEN-	1990 Decennial census	Pos./BA	674	49,100	0	(4,000)	0	(2,772)	0	(2,772)	0	0
		FTE/Obl.	618	57,896	0	488	0	0	0	0	0	0
CEN-	Decennial census	Pos./BA	165	13,000	118	8,122	551	48,561	551	48,561	0	0
		FTE/Obl.	164	13,752	118	8,122	892	48,561	892	48,561	0	0
	Subtotal	Pos./BA	889	65,694	178	10,147	613	51,665	611	51,534	(2)	(131)
		FTE/Obl.	830	75,252	183	14,654	957	54,437	955	54,306	(2)	(131)
CEN-	Sample redesign	Pos./BA	206	10,765	185	13,048	57	6,616	54	6,441	(3)	(175)
		FTE/Obl.	230	21,485	389	13,096	192	6,616	189	6,441	(3)	(175)
CEN-	CASIC	Pos./BA	0	0	0	0	0	0	116	7,409	116	7,409
		FTE/Obl.	0	0	0	0	0	0	87	7,409	87	7,409
CEN-	Geographic support	Pos./BA	179	12,283	381	18,444	351	35,669	345	35,107	(6)	(562)
		FTE/Obl.	183	13,027	368	24,014	357	35,669	351	35,107	(6)	(562)
CEN-	Data processing systems	Pos./BA	0	5,042	0	8,003	0	8,258	0	13,147	0	4,889
		FTE/Obl.	0	8,853	0	8,189	0	8,258	0	13,147	0	4,889
	Total	Pos./BA	2,382	169,895	1,637	110,000	1,651	148,714	1,733	159,000	82	10,286
		FTE/Obl.	2,731	201,178	1,993	120,488	2,162	151,486	2,215	161,772	53	10,286
	Adjustments for:											
	Recoveries of prior year obligations			(21,926)		(10,000)		(2,772)		(2,772)		
	Unobligated balance, start of year			(9,845)		(488)						
	Unobligated balance, end of year			488								
	Transfer to Salaries and Expenses			3,405		0						
	Appropriation	Pos.	2,382	173,300	1,637	110,000	1,651	148,714	1,733	159,000	82	10,286

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
ADMINISTRATIVE SAVINGS FOR 1995
(Dollar amounts in thousands)

Exhibit 13

	1995 Base		1995 Estimate		Increase/(Decrease)			
					Other Changes		Administrative Savings	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Periodic Censuses and Programs	2162	$151,486	2215	$161,772	53	$11,349	0	($1,063)

Activity: Economic Statistics Programs, Subactivity: Economic Censuses (-$154), Census of Governments (-$31), Census of Agriculture, (-$189).
Activity: Demographic Statistics Programs, Subactivity: Intercensal Demographic Estimates, (-$62).
Activity: Sample Redesign, Subactivity: Sample Redesign (-$78).
Activity: Geographic Support, Subactivity: Geographic Support (-$338).
Activity: Data Processing Systems, Subactivity: Data Processing Systems (-$211).

Administrative Savings -- Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government. All object classes except personnel, GSA space and equipment were affected.

	1995	1996	1997	1998	1999
Cost and Benefits:					
Direct Obligations: Uncapitalized $	(1,063)	(2,152)	(4,012)	(4,012)	(4,012)
Budget Authority $	(1,063)	(2,152)	(4,012)	(4,012)	(4,012)
Outlays $	(946)	(1,817)	(3,621)	(4,012)	(4,012)
FTE	0	0	0	0	0

Note: FY 1996 through FY 1999 are cumulative amounts over FY 1995; these amounts do not include FY 1994 savings.
Other changes include FTE savings and program increases.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
ADMINISTRATIVE SAVINGS FOR FY 1995 BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 15

Object Class		1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12.1	Civilian personnel Benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	(88)
22	Transportation of things	(3)
23.1	Rental payments to GSA	0
23.2	Rental payments to others	(5)
23.3	Communications, utilities and miscellaneous charges	(89)
24	Printing and reproduction	(59)
25.1	Consulting services	(52)
25.2	Other services	(673)
26	Supplies and materials	(94)
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	(1,063)

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
FTE SAVINGS FOR 1995
(Dollar amounts in thousands)

Exhibit 13

	1995 Base		1995 Estimate		Increase/(Decrease)			
					Other Changes		FTE Savings	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Periodic Censuses and Programs	2162	$151,486	2215	$161,772	87	$11,446	(34)	($1,160)

Activity: Economic Statistics Programs, Subactivity: Economic Censuses (-14 FTE, -$479), Censuses of Governments (-2 FTE, -$58), Census of Agriculture, (-7 FTE, -$233).
Activity: Demographic Statistics Programs, Subactivity: Intercensal Demographic Estimates, (-2 FTE, -$69).
Activity: Sample Redesign, Subactivity: Sample Redesign (-3 FTE, -$97).
Activity: Geographic Support, Subactivity: Geographic Support (-6 FTE, -$224).

FTE Savings -- Pursuant to the Executive Order on Reduction of 100,000 Federal Positions. Object class for personnel compensation was affected.

	1995	1996	1997	1998	1999
Cost and Benefits:					
Direct Obligations:					
Uncapitalized $	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)
Budget Authority $	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)
Outlays $	(1,032)	(1,044)	(1,160)	(1,160)	(1,160)
FTE	(34)	0	0	0	0

Note: FY 1996 through FY 1999 are cumulative amounts over FY 1995; these amounts do not include FY 1994 savings.
Other changes include administrative savings and program increases.

bit 14

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
FTE SAVINGS FOR FY 1995 PERSONNEL DETAIL

Program Change: FTE Savings for FY 1995

Title:	Grade	Number	Annual Salary	Total Salaries
Management Analyst	12	(3)	42,675	(128,025)
Statistician	11	(6)	35,606	(213,636)
Program analyst	11	(5)	35,606	(178,030)
Management analyst	9	(3)	29,427	(88,281)
Statistician	7	(3)	24,057	(72,171)
Computer Assistant	5	(2)	19,422	(38,844)
Statistical Assistant	5	(4)	19,422	(77,688)
Clerk	3	(3)	15,465	(46,395)
Clerk	2	(1)	14,171	(14,171)
Total		(30)		(857,241)
Total full-time permanent		(30)		(857,241)
Total				

Personnel Data	Number
Full-Time Equivalent Employment:	
Full-time permanent	(30)
Other than full-time permanent	(4)
Total	(34)
Authorized Positions:	
Full-time permanent	(30)
Other than full-time permanent	(4)
Total	(34)

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
FTE SAVINGS FOR FY 1995 BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 15

Object Class		1995 Decrease
11	Personnel compensation	
11.1	Full-time permanent	($857)
11.3	Other than full-time permanent	(106)
11.5	Other personnel compensation	(14)
11.8	Special personnel services payments	0
11.9	Total personnel compensation	(977)
12.1	Civilian personnel Benefits	(183)
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Consulting services	0
25.2	Other services	0
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	(1,160)

Exhibit 7

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
	Amount	Amount	Amount	Amount	Amount
Total Obligations	$201,178	$120,488	$151,486	$161,772	$10,286
Financing:					
Offsetting collections from:					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(21,926)	(10,000)	(2,772)	(2,772)	0
Unobligated balance, start of year	(9,845)	(488)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	488	0	0	0	0
Unobligated balance lapsing	0	0	0	0	0
Budget Authority	169,895	110,000	148,714	159,000	10,286
Financing from transfers:					
Transfers from other accounts					
Transfers to other accounts	3,405				
Sequester					
Appropriation	173,300	110,000	148,714	159,000	10,286

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
ADJUSTMENTS TO BASE AND ADJUSTMENTS TO CYCLICAL REQUIREMENTS
(Dollar amounts in thousands)

Exhibit 8

	Perm Pos.	Amount
Transfers	(4)	
Financing		
Other Changes:		
1995 Pay raise		695
1994 locality pay raise		3,777
Within-grade step increase		1,366
Civil Service Retirement System (CSRS)		(190)
Federal Employees' Retirement System (FERS)		351
Thrift Savings Plan (TSP)		179
Federal Insurance Contributions Act (FICA)		163
Health insurance		266
Employee Compensation Fund		81
Per diem increase		36
GPO Printing		43
Supplies and materials		79
Total, adjustments to base	(4)	6,846

Exhibit 9

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	POS	Amount
Transfer to the office of Human Resources Management (OHRM)	(4)	

Transfer of four (4) positions to the Office of Human Resources Management to provide support to the centralized management and administration of the Department's Workers' Compensation Program.

	POS	Amount
Pay raise..........	0	$4,472

1995 Pay increase and related costs:
A general pay raise of 1.6% at 75% is assumed to be effective January 1, 1995.

75% of cost in 1995 of pay increase..........	695,000
Less amount absorbed in 1995..........	0
Amount requested for 1995 pay increase..........	695,000

1994 Locality pay raise..........

A locality pay raise was implemented in January 1994

Total cost in 1995 of 1994 locality pay raise..........	3,777,000
Less amount funded in 1994..........	0
Less amount absorbed..........	0
Amount requested in 1995 to provide Full-year cost of 1994 locality pay raise..........	3,777,000
Payment to Working Capital Fund..........	0
Total adjustment for 1994 Locality pay raise..........	3,777,000

	POS	Amount
Within-grade step increase..........	0	1,366

An increase of $1,365,954 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 1995.

		POS	Amount
Estimated number of within-grade step increases	1,836		
Step increases not earned due to turnover	149		
Average step above step 1 per separation	3		
Average cost per within-grade increase	853		
Gross cost of scheduled step increases ($853 x 1,836)	1,566,108		
Less savings due to separations ($853 x 149 x 3)	(381,291)		
Subtotal, personnel compensation	1,184,817		
Benefits	181,137		
Total adjustment-to-base	1,365,954		
Civil Service Retirement System (CSRS)			(190)

The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 62.9% in our 1995 estimated to 56.9% in our 1995 re-estimate. Contribution rates will remain the same.

			POS	Amount
Regular employees:				
1995 re-estimate	$45,232,000 x .569 x .07	1,801,591		
1995 estimate	$45,232,000 x .629 x .07	1,991,565		
Total Adjustment-to-base		(189,974)		
Federal Employees' Retirement System (FERS)				$351

The number of Employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 37.1% in our 1995 estimate to 43.1% in our 1995 re-estimate for regular employees. The contribution rate will remain the same.

			POS	Amount
Regular employees:				
1995 re-estimate	$45,232,000 x .431 x .129	2,514,854		
1995 estimate	45,232,000 x .371 x .129	2,164,758		
Total adjustment-to-base		350,096		
Thrift Savings Plan (TSP)				179

The cost of the Bureau's contributions to the Thrift Savings Plan will rise as Fers participation increases. The contribution rate is expected to increase from 3% to 3.5%.

POS Amount

The contribution rate for the Thrift Savings Plan has increased from 3% to 3.5% resulting in an increase of $179,000.

Regular employees:		
1995 re-estimate	$45,232,000 x .431 x .035.........	682,325
1995 estimate	$45,232,000 x .371 x .030.........	503,432
Total adjustment-to-base..................................		178,893

Federal Insurance Contributions Act (FICA).................................. 163

As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. The OASDI tax rate will remain 6.2% in 1995.

The bureau estimates an increase in OASDI contribution of $163,000 based on the percentage in the FERS participation rate:

Regular employees:		
1995 re-estimate	$45,232,000 x .431 x .968 x .062....	1,170,011
1995 estimate	$45,232,000 x .371 x .968 x .062....	1,007,133
Total adjustment-to-base....................................		162,878

Health insurance.. 266

Effective January 1993 this bureau's contribution to Federal employees' health insurance premiums increased by 9.5%. Applied against the 1995 estimate of $2,798,000, the additional amount required is $265,810.

Employee Compensation Fund.. 81

The increase in the repayment to the Employees' Compensation Fund is the result of higher costs in the year ending June 30, 1993, than in the year ending June 30, 1992. The FY 1993 charges of $3,278,000 will be reimbursed to the Department of Labor Employees' Compensation Fund in FY 1995 pursuant to 5 USC 8147. The 1993 bill was $3,197,000.

Per diem increase.. 36

Effective January 1993, the General Services Administration raised per diem rates. This increase results in a 4.3% increase to the Census Bureau. This percentage was applied to the 1995 estimate of $831,000 to arrive at an increase of $35,733.

	POS	Amount
GPO printing		43
GPO has provided an estimated rate increase of 3.0%. This percentage was applied to the 1995 estimate of $1,437,000 to arrive at an increase of $43,110.		
Supplies and materials		79
Based on the GNP deflator of 2.8% the cost of supplies and materials is expected to increase by $79,044 from the 1995 estimate of $2,823,000.		
Total	(4)	$6,846

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Economics statistics programs
Subactivity: Economic censuses

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Direction	Pos./BA	56	$4,306	44	$3,326	44	$3,298	43	$3,228	(1)	($70)
	FTE/Obl.	49	4,346	43	3,335	43	3,298	42	3,228	(1)	(70)
Content Determination and Design	Pos./BA	0	207	0	0	0	0	0	0	0	0
	FTE/Obl.	0	210	0	0	0	0	0	0	0	0
Mail List Development and Mailout	Pos./BA	22	6,356	0	0	0	0	0	0	0	0
	FTE/Obl.	29	6,417	0	0	0	0	0	0	0	0
Collection and Processing	Pos./BA	620	32,893	336	24,862	130	11,114	125	10,901	(5)	(213)
	FTE/Obl.	804	36,486	434	24,928	136	11,114	131	10,901	(5)	(213)
Publication and Dissemination	Pos./BA	22	1,593	140	9,306	222	15,885	214	15,535	(8)	(350)
	FTE/Obl.	25	1,608	180	9,331	235	15,885	227	15,535	(8)	(350)
Total	Pos./BA	720	45,355	520	37,494	396	30,297	382	29,664	(14)	(633)
	FTE/Obl.	907	49,067	657	37,594	414	30,297	400	29,664	(14)	(633)
Adjustments for:											
Recoveries of prior year obligations			(3,708)								
Unobligated balance, start of year			(4)								
Unobligated balance, end of year											
Unobligated balance adjustment, end of year											
Sequester											
Transfer to Salaries and Expenses			(571)								
Appropriation[1]	Pos.	720	44,784	520	37,594	396	30,297	382	29,664	(14)	(633)

Exhibit 12

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Economic statistics programs
Subactivity: Economic censuses

Goal Statement

The goals of the Economic Censuses are to provide comprehensive statistics on the level of U.S. economic activity and the characteristics of industrial and business establishments at the country, state and local levels and outlying areas.

Objectives:

The objectives of the Economic Censuses are to initiate planning and improvements in the methodologies used in the collection, processing and publication of the economic censuses; to plan data content; to enhance programs designed to minimize respondent burden and provide respondent assistance; and to ensure the quality of data collected in the censuses.

Base Program

Title 13 U.S.C. 131 requires the censuses of manufactures, mineral industries, construction industries, retail and wholesale trade, service industries, transportation and other businesses every five years, covering the years ending in 2 and 7. The Economic Censuses also include several related programs that provide statistics on businesses owned by minorities and women, transportation characteristics, and information on the economic characteristics of companies operating multiple locations. The 1992 Economic Censuses of Outlying Areas will encompass Puerto Rico, Virgin Islands, Guam and Northern Mariana Islands. The results of the censuses are summarized and presented for various classifications such as kind-of business, geographic location (state, county, metropolitan statistical areas, city and place), sales size, employment size, legal form of organization and degree of specialization.

The Economic Censuses represent the primary source of facts about the structure and function of the U.S. economy, providing essential information to government and business. These censuses furnish an important part of the framework for composite measures such as the gross domestic product and input-output analyses. In forecasting and planning, it is especially useful to analyze the domestic product in terms of the elements which determine its size and composition. The Economic Censuses make this possible by providing weights and benchmarks for indexes of industrial production, productivity and prices. Also, the censuses furnish benchmarks and sampling lists for the Census Bureau's current economic programs. Business enterprises, trade associations, banks, investors, research groups, educational institutions and unions use data from the censuses for the purposes of planning expansion programs, selecting locations for new establishments, forecasting sales trends, determining market potential, forecasting sales and advertising performance, and performing other analyses. Also, the information is used to revise the Standard Industrial Classification (SIC) system.

The 1992 Economic Censuses includes about 15 million establishments engaged in mining, manufacturing, construction, retail, wholesale, transportation, communication, utilities, finance, insurance, real estate and other service industries. The scope of the 1992 Economic Censuses has been expanded to cover 95 additional industries, including finance, insurance, real estate, communications, utilities, and those transportation industries not covered in the 1987 Censuses. The Census Bureau minimizes respondent burden by sending questionnaires to less than 33 percent of these establishments. Administrative records are used to obtain information from the remaining establishments which includes the smaller businesses.

FY 1995 is the sixth and last year in the 6-year cycle of the 1992 Economic Censuses. The focus of activity for FY 1995 will be on the publication and dissemination of information collected and processed in the previous two years. We will concentrate staff effort on the preparation of the data for publication. Summary tables will be reviewed for accuracy and to assure that no data are published that would disclose the operations of individual businesses. Additional telephone calls to individual companies will be made, if necessary, to correct the summary data to be published.

By the end of the fiscal year, we will have released all of the 600 individual reports published as part of the 1992 Economic Censuses. The reports are issued in separate geographic, industry, and subject series. We provide data in a variety of different media, including printed reports, computer diskettes, and CD-ROM. These operations cross all line items and apply to each of the censuses.

FY 1995 is also the first year in the 1997 Economic Census cycle. We will begin planning activities related to design and content of the forms for 1997. We will also begin to contact data users and respondents to assure that data included on census forms are useful and reportable, with a minimum of respondent burden. Results and experiences gained from the 1992 census and continued contacts with respondents will provide the framework for determining content and collection methods for the 1997 census. We will begin extensive planning for incorporating the revised SIC system, scheduled for implementation in 1997, in the census.

A brief discussion of each line item and specific 1995 Base Obligations changes to the FY 1994 Appropriation (Obligations) are shown below (dollar amounts in thousands):

There is a net decrease (-$7,297; -243 FTE) from FY 94 obligations to FY 95 base obligations. There are, however, pluses and minuses for line item activities, including recoveries of prior year obligations.

Direction:

Direction includes planning and support activities necessary to conduct the censuses. Specific activities are the design and testing of collection and processing systems, pretest activities, and overall direction and coordination of the censuses.

(-$37; 0 FTE) In FY 1995, we continue to provide support activities necessary to conduct the 1992 economic census, and begin to plan the 1997 census. There is a small drop in the funding for support activities, accounted for by the decrease in programming support necessary for publication and dissemination of the data from the 1992 census.

Content Determination/Design:

Content Determination/Design activities include clearance of the more than 500 industry specific census forms content with industry and Government analysts, respondents, and other data users. This line item also includes all design and printing of the census forms.

No funds were allocated for this activity for FY 94 or FY 95. All work related to content determination/design ended in FY 93.

Mail List Development and Mailout:

This line item includes all activities associated with preparing the census file of more than 10 million businesses for mailing. This includes program specifications, procurement and processing of administrative records, programming activities, and labelling and assembly of mail packages. Postage costs also are included in this line item.

No funds were allocated for this activity for FY 94 or FY 95. All work related to mail list development and mailout ended in FY 93.

Collection and Processing:

Collection and Processing includes all collection and clerical operations conducted in our Jeffersonville, Indiana processing office (DPD), such as check-in of forms, data capture, all incoming and outgoing telephone operations, correspondence, computer edit of data, and the correction of erroneous and or/inconsistent establishment information. This activity also includes professional staff associated with data collection and initial review of census data.

(-$13,814; -298 FTE) The decrease in the funding for collection and processing relates to the completion of the major professional staff activities associated with collection and processing of economic census data. In FY 95 the focus of the professional staff will shift from the collection and processing of data to preparation of the data for publication and dissemination. Staff will have completed correcting thousands of complex edit rejects and resolving large company reporting problems. In addition, most of the activities associated with the collection and processing for the minority- and women-owned business program also will be completed. There will, however, still be some programming activities occurring that are related to the minority- and women-owned business program and other census follow-on surveys.

Publication and Dissemination:

This line item includes all operations related to final review of the data, publication, and dissemination of the census information to the data users. This activity includes printing of the more than 600 industry, geographic, and special publications and development of CD-ROM's and other electronic media.

(+$6,554; +55 FTE) The concentration of staff resources and increased printing costs related to preparation of the census data for publication accounts for the rise in the funding for publication and dissemination. In FY 1995, efforts are centered on the publication and dissemination of data from the economic census. The professional staff will be exclusively engaged in the review of tables for publication and the assurance that all information to be released meets the publication standards of the Bureau of the Census. Copy preparation and printing costs will rise dramatically as we prepare the more than 600 reports that will be issued as part of the census publications series.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Economics statistics programs
Subactivity: Census of governments

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Direction	Pos./BA	7	$166	3	$270	6	$459	6	$441	0	($18)
	FTE/Obl.	3	198	3	270	6	459	6	441	0	(18)
Content Determination and Design	Pos./BA	1	82	0	0	10	588	9	568	(1)	(20)
	FTE/Obl.	1	97	0	0	10	588	9	568	(1)	(20)
Mail List Development and Mailout	Pos./BA	13	685	3	36	15	1,084	14	1,050	(1)	(34)
	FTE/Obl.	11	815	5	36	16	1,084	15	1,050	(1)	(34)
Collection and Processing	Pos./BA	17	1,337	10	712	7	473	7	456	0	(17)
	FTE/Obl.	35	1,590	10	743	7	473	7	456	0	(17)
Publication and Dissemination	Pos./BA	14	422	21	1,844	0	0	0	0	0	0
	FTE/Obl.	5	501	27	1,847	0	0	0	0	0	0
Total	Pos./BA	52	2,692	37	2,862	38	2,604	36	2,515	(2)	(89)
	FTE/Obl.	55	3,201	45	2,896	39	2,604	37	2,515	(2)	(89)
Adjustments for:											
Recoveries of prior year obligations			(379)								
Unobligated balance, start of year			(130)								
Unobligated balance, end of year											
Unobligated balance adjustment, end of year											
Sequester											
Transfer to Salaries and Expenses			(42)								
Appropriation	Pos.	52	2,650	37	2,896	38	2,604	36	2,515	(2)	(89)

Exhibit 12

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Economic statistics programs
Subactivity: Census of governments

Goal Statement

The goal of the Census of Governments is to provide benchmark figures in the areas of public finance and public employment; local government organization, powers and activities; state and local fiscal relationships; and property tax administration and related subjects.

Objectives:

The objectives of the Census of Governments are to identify the most pressing data needs in the areas of public finance, public employment, state and local government organization and structure, and tax administration; and to develop procedures and arrangements which will gather and present the data in the most efficient and useful way.

Base Program

Title 13 U.S.C. 161 requires the Census of Governments on a quinquennial basis. Title 13 requires "each such census shall include, but not be limited to, data on taxes and tax valuations, governmental receipts, expenditures, indebtedness, and employees of states, counties, cities and other governmental units." The Census Bureau has conducted the Census of Governments, every five years since 1957. This census is the only source of comprehensive and uniformly classified data on the economic activities of state and local governments.

The Census of Governments represents the primary source of facts about the structure and function of the public sector of the U.S. economy, providing essential information to the Congress and Federal Agencies. The census contributes an important part of the framework for composite measures such as the gross national product and input-output analyses. Also, the census furnishes benchmarks and sampling lists for the Census Bureau's current state and local governments statistics programs.

Findings from the Census of Governments are also used by: Congress and Federal agencies in planning and appraising programs involving intergovernmental relationships, Federal revenue and debt policies; state legislative and executive agencies, local government officials and civic groups to compare financing, employment levels, employee pay and operations among geographic areas and to improve equity in property tax administration; financial and business firms concerned with municipal security ratings and relative levels of taxation and expenditure in particular areas for market research purposes; and economic research agencies, textbook writers and educators to describs the nature, scale and trends of governmental activities in the United States.

The 1997 Census of Governments will include over 87,000 independent local government units and hundreds of thousands of subordinate authorities and agencies. The Census Bureau collects most census information by mail but an increasing number of units provide data in electronic format. We conduct field enumeration to gather much of the data on tax valuations, the 50 state governments and 49 largest local governments, and to follow-up on significant nonrespondents and difficult cases.

FY 1995 is the first year in the 5-year cycle of the 1997 Census of Governments. This year marks the onset of planning for the government organization, taxable property values, and government finance and employment parts of the 1997 Census of Governments. We will prepare project plans and schedules, solicit and evaluate suggestions regarding changes in content and format, review staffing requirements and data dissemination medial and formats, and investigate alternative data sources. We will conduct mail list updating activities to identify new governments, disincorporations, and address changes. These activities will include legislative research and conducting the prelist survey of special district governments. We will begin data collection activities for the taxable property values survey including making arrangements for electronic data collection, preparing specifications for field collection efforts, and testing data collection techniques.

A description of each line item and specific 1995 Base obligations changes to the FY 1994 Appropriation (Obligations) are as follows, (dollar amounts in thousands):

There is a net decrease (-$292; -6 FTE) from FY 1994 obligations to FY 1995 base obligations. There are pluses and minuses for the line item activities.

Direction:

Direction includes planning and support activities necessary to conduct the censuses. Specific activities are the design and testing of collection and processing systems, and overall direction and coordination of the censuses.

(+$189; +3 FTE) The overall direction and support activities will expand in FY 1995 as we begin planning for the 1997 surveys including the Directory Survey of Local Governments, the Property Values Survey, and the Government Finance and Employment Surveys.

Content Determination and Design :

Content Determination/Design activities include clearance of census forms content with Government analysts, respondents, and other data users. This line item also includes all design and printing of the census forms.

(+$588; +10 FTE) There is an increase in base activity from FY 1994 to FY 1995. Most activities covering questionnaire design for the various parts of the 1997 Census will be carried out during FY 1995. We will also print forms needed for the prelist survey of special district governments.

Mail List Development and Mailout:

This line item includes all activities associated with preparing the census file of government units for mailing. This includes legal research to identify and classify new government units, a pre-list survey to update lists of special district governments, and a directory survey of all identified government units in October 1996. Also included in this line item are: programming activities, labelling and assembly of mail packages, and postage costs.

(+$1,048; +11 FTE) In FY 1995, we will begin the mail list development phase including legal research and preparations for the prelist survey of special district governments, and preliminary work to identify data sources for the property values survey.

Collection and Processing:

Collection and Processing includes all collection and clerical operations conducted in our Jeffersonville, Indiana processing office, such as check-in of forms, data capture, all incoming and outgoing telephone operations, correspondence, computer edit of data, and the correction of erroneous and/or inconsistent information. This activity also includes professional staff associated with data collection and initial review of census data.

(-$270; -3 FTE) We will complete these activities for the 1992 census in FY 1994. In FY 1995, we will start data collection activities for the 1997 Census primarily related to the property values survey.

Publication and Dissemination:

This line item includes all operations related to final review of the data, tabulation, publication, and dissemination of the census information to the data users. This activity includes printing of the publications and development of public use data files and other electronic media.

(-$1,847; -27 FTE) We will complete these activities for the 1992 Census in FY 1994 and therefore, no funds will be allocated in 1995.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Economics statistics programs
Subactivity: Census of agriculture

Line Item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Direction	Pos./BA	40	$3,049	84	$2,675	61	$3,800	59	$3,701	(2)	($99)
	FTE/Obl.	58	3,072	58	2,685	63	3,800	61	3,701	(2)	(99)
Content Determination and Design	Pos./BA	9	641	10	428	20	1,303	19	1,250	(1)	(53)
	FTE/Obl.	14	646	14	430	21	1,303	20	1,250	(1)	(53)
Mail List Development and Mailout	Pos./BA	23	6,064	13	1,322	11	821	11	788	0	(33)
	FTE/Obl.	52	6,111	30	1,327	11	821	11	788	0	(33)
Collection and Processing	Pos./BA	246	16,683	159	10,550	60	4,278	58	4,150	(2)	(128)
	FTE/Obl.	382	18,825	182	10,588	62	4,278	60	4,150	(2)	(128)
Publication and Dissemination	Pos./BA	18	1,627	70	4,997	44	3,403	42	3,294	(2)	(109)
	FTE/Obl.	20	1,639	67	5,015	46	3,403	44	3,294	(2)	(109)
Total	Pos./BA	336	28,064	336	19,972	196	13,605	189	13,183	(7)	(422)
	FTE/Obl.	526	30,293	351	20,045	203	13,605	196	13,183	(7)	(422)
Adjustments for:											
Recoveries of prior year obligations			(2,429)								
Unobligated balance, start of year			200								
Unobligated balance, end of year											
Unobligated balance adjustment, end of year											
Sequester											
Transfer to Salaries and Expenses			(254)								
Appropriation	Pos.	336	27,810	336	20,045	196	13,605	189	13,183	(7)	(422)

Exhibit 12

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Economic statistics programs
Subactivity: Census of agriculture

Goal Statement

The goals of the Census of Agriculture are to provide relevant, comprehensive statistical information on the cultural sector of the U.S. economy at the national, state, county, and other geographic levels; to provide descriptive data on farm enterprises; to provide data on selected agricultural subjects for the years following the census at the national, state and regional levels; and to provide data on irrigation at the national, state and district levels.

Objective:

The objectives of the Census of Agriculture are to maintain and improve the relevance, quality and timeliness of information collected; to provide improved comparability of economic data from the agricultural sector with data from the other economic sectors; and to improve the accessibility of data for national and other geographic area analyses of the agricultural sector.

Base Program

Title 13 U.S.C. 142 requires the Census of Agriculture for years ending in 2 and 7, and the Census of Irrigation at ten year intervals for years ending in 7.

The Census of Agriculture provides statistical measures of the agricultural sector of the U.S. economy at the national, state, county, and other geographic levels. The basic information consists of the number of farms, farm acreage, operating expenditures, value of farmland and buildings, land use, crop acreage, production and sales, livestock inventories and sales, equipment, government loan and farm program participation, and farm practices, i.e., the use of pesticides, fertilizers, and irrigation. The Census of Agriculture is the only source of nationally consistent, comprehensive data for production agriculture for all states and counties.

The census provides agricultural data for a wide spectrum of users. For example, the Administration and Congress use the data to formulate and evaluate national farm programs. The Department of Agriculture uses the data to determine changes in the agriculture sector, to benchmark current data series and recurring and special sample surveys, and to prepare the farm sector income and financial accounts. The Bureau of Economic Analysis uses the data to prepare national economic accounts as well as statistics on regional income data. The Departments of Agriculture and Interior, state and local governments and others use on-farm irrigation data to evaluate water resource requirements and to develop national and local policies on agricultural water use and water reclamation projects. The Soil Conservation Service uses the data in providing appraisals of trends, status and conditions in irrigation as required by the Food Security Act of 1985. Agencies such as the Farm Credit Administration use production, sales and expenditures data to formulate and evaluate farmer loan and other credit programs for the agriculture sector. The Animal and Plant Health Inspection Service, Extension Service and Agriculture Stabilization and Conservation Service use the data to allocate resources to specific counties and to implement their programs. Federal programs allocate billions of dollars of funds annually based on census information. Local areas use census data to evaluate the need for farm support facilities such as equipment and farm supplier, grain elevators and other marketing support, and to develop programs which provide incentives to preserve agricultural lands. Farmer organizations use the data for planning programs for their membership.

FY 1995 is the final year in the six-year cycle for the 1992 Census of Agriculture and the first in the cycle for the 1997 census. For the 1992 census in FY 1994 we completed the data collection, processing, and edit review for the nearly 2.0 million farms. We also completed tabulation and review, and data release of the Volume 1, Geographic Area Series for all states and the more than 3000 counties. The coverage evaluation and nonresponse surveys collection and processing were completed and incorporated into each state's Volume 1. In FY 1995 for the 1992 census we will concentrate on completing the additional tabulations and reviews for the remaining publications--Atlas, ZIP Code Data, and the Coverage evaluation report. Also final data tapes, CD-ROMs, and the Public Use File will be prepared and released. In FY 1995 the 1994 Farm and Ranch Irrigation follow-on sample survey will be mailed to approximately 20,000 irrigators and their reports will be mailed back, processed, tabulated and the publication released by late FY 1995.

In FY 1994, we established the general framework and priorities with data users for looking at the scope and methodology to use in the 1997 census. In FY 1995, we will concentrate on identifying the specific data user needs for both the state-side census and the outlying areas and we will begin evaluating and testing possible changes to the census. Also, data collection methodology will be evaluated, the processing systems requirements determined, and the facilities requirements and equipment procurement plans will be developed.

A description of each line item and specific 1995 Base Obligation changes to the FY 1994 Appropriation (Obligation) is provided below, (dollar amounts in thousands):

There is a net decrease (-$6,440; -148 FTE) from FY 1994 obligations to FY 1995 base obligations. There are, however, pluses and minuses for line item activities.

Direction:

Direction provides the professional, technical, and other overall support staff and activities required to plan and conduct the census. It also includes the overall leadership in the design and testing of data collection forms, the design of collection and processing methodologies, and the overall direction and coordination of all phases of the census.

(+$1,115; +5 FTE) In FY 1994, we completed the overall direction of the 1992 census data processing and continued the tabulation, review and data release for the state-side and Outlying Areas' Volume 1's; we completed the design and preparation of the 1994 Farm and Ranch Irrigation Survey; and began the dialog with data users for the planning the 1997 Census of Agriculture. In FY 1995, we will focus direction on working with the hundreds of data user groups in planning the 1997 census and will begin testing and evaluating changes for 1997.

Content Determination/Design:

This includes working with data users to identify their priority needs for content of the census and then the evaluation and testing of the hundreds of requests for questions to be included in the census and related follow-on surveys. Testing of various methodologies for collection and processing is included to determine the most effective census content and design. Also included are the activities required for design of the nearly 50 report forms, clearance with hundreds of data user groups, including federal agencies, farm organizations, agri-business, state and local governments, and others. This line item also includes the clearance with OMB and the printing of the report forms.

(+$873; +7 FTE) In FY 1994, we began evaluating extensively the quality of the 1992 census. For FY 1995 we will identify all data user groups, establish working groups and begin meeting to identifying the necessary content and methodology changes needed for the 1997 census. This will include an interagency working group of all Federal agencies that use the data; working with specialized groups such as Rural Sociologists, the American Agriculture Economic Association, and others; the agriculture colleges and universities will be asked to provide recommendations and these will be evaluated; and each state governor will be asked to provide recommendations to cover the needs of their state. This working relationship will continue through fiscal years 1995, 1996, and 1997 until the final data content and methodologies for the 1997 census are determined. Also, we will begin designing various alternative report forms and testing the design and the changes to content through focus groups and sample mail-out tests.

Mail List Development and Mailout:

Included in this line item are all activities devoted to determining the source lists to use in developing the mail list for the census, and the acquisition, merging, unduplication, and preparation of the final list used in mailing the report forms. Also included are the negotiations and planning with the USPS, mailing preparation, labeling, sorting, and mailing the report forms for the initial and all followup mailings in the census. Preparation of specifications, procedures, and computer programs; computer operations; and postage for the mail list development and report form mailings are also included.

(-$506; -19 FTE) In FY 1994, we began evaluating the quality of the lists used for the 1992 census as well as the processes used in preparing the mailing list. We will continue to evaluate the list sources and processes in FY 1995 and will identify the sources for the 1997 census and begin preparing the computer and clerical specifications for processing the nearly 15 million addresses down to the final list to use in mail out in FY 1997. We will negotiate with NASS and IRS on their lists and the information needed from each source. We will begin receiving source lists in FY 1996 for the census. Additionally, we will begin determining the sample design and methodology for selecting the addresses to receive sample report forms.

Collection and Processing:

Includes all activities involved in the computer and clerical operations necessary for collecting and processing the census. Planning and preparation activities include overall systems design, specifications preparation, computer programming, and preparation of clerical procedures. The operations included are the check-in of forms, data capture and review, incoming and nonresponse telephone followup, computer and clerical edit review and resolution, and tabulation and review. This includes performing data analysis against other data sets for all counties and states, as well as the analysis of all data cells to avoid disclosing data about individual agricultural operations.

(-$6,310; -120 FTE) In FY 1994 for the 1992 census, the data processing, tabulation and review and the resolution of reporting problems for the approximately 2.0 million reports was completed. The tabulation and comparison to other data sets was completed for the over 3,000 counties and each state, including Puerto Rico, Guam, and the Virgin Islands. The processing of the coverage evaluation and nonresponse estimation was completed and ready for each state's Volume 1. For FY 1995 we will be completing the tabulations for the Volume 2 reports, including the Agriculture Atlas, ZIP Code Data, Ranking States and Counties, and Public Use File, and the preparation of electronic data files for release on tape, CD-ROM, electronic services. Also, the 1994 Farm and Ranch Irrigation Survey will be collected (including several followup mailings and telephone followup), data keyed, edited, and tabulated; and publication release is scheduled for late FY 1995. For the 1997 census, we will be evaluating and determining the computer and clerical processing requirements for the census. Specifications will begin for the computer and other equipment requirements. Pilot tests may be started for evaluating alternative processing methodology and data capture. Under consideration is the use of optical character recognition, optical disc technology for processing, and other.

Publication and Dissemination:

This line item includes all activities related to preparation of the publications and electronic release of the census results. This includes the computer preparation and professional review of the publications, files for electronic release, and dissemination of the census data to the users. Included is the printing of the Volume 1 Geographic Area Series for every state, the U.S., Puerto Rico, Guam, and the Virgin Islands. Other reports such as data by ZIP Code, Ranking States and Counties, and the U.S. Agriculture Atlas preparation and publication also are included. Preparation of computer files for electronic release, such as sales tape, CD-ROM, and other media, are also in this line item.

(-$1,612; -21 FTE) In FY 1994, we completed the preparation of publication tables and graphics for all of the 1992 census state Volume 1's. All state, Puerto Rico, Guam, and the Virgin Island Volume 1's data were released in publication and electronic media. For FY 1995 we will concentrate on completing the preparation of data and publication of the Ranking States and Counties, the Coverage (evaluation) Report, and the Agriculture Atlas of the United States. We will also develop the ZIP Code Data and the Public Use File and release them on CD-ROM. We plan to prepare and release the data for the 1994 Farm and Ranch Irrigation Survey in print and CD-ROM. This being the first year of the 1997 census cycle, there will be no publication or data release activities.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Demographic statistics programs
Subactivity: Intercensal demographic estimates

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Intercensal demographic estimates	Pos./BA	50	$3,594	60	$6,025	62	$5,876	60	$5,745	(2)	($131)
	FTE/Obl.	48	3,604	65	6,044	65	5,876	63	5,745	(2)	-131
Total	Pos./BA	50	3,594	60	6,025	62	5,876	60	5,745	(2)	(131)
	FTE/Obl.	48	3,604	65	6,044	65	5,876	63	5,745	(2)	(131)
Adjustments for:											
Recoveries of prior year obligations			15								
Unobligated balance, start of year			(25)								
Unobligated balance, end of year											
Sequester											
Transfer to Salaries and Expenses			(45)								
Appropriation	Pos.	50	3,549	60	6,044	62	5,876	60	5,745	(2)	(131)

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Exhibit 12

Activity: Demographic statistics programs
Subactivity: Intercensal demographic estimates

Goal Statement

The intercensal demographic estimates activity develops updated population estimates, in years between decennial censuses, for states, counties, metropolitan areas and urban places; and prepares a variety of data to meet diverse legislative needs.

Objectives:

The objectives of Intercensal Demographic Estimates are to provide data to update population estimates for the many federal programs that provide benefits to state, county and local units of government through the use of distribution formulas. The importance of population data in these formulas requires the development and use of current data. Title 13, section 181, requires the Census Bureau to produce annual population estimates for units of general purpose government. The public law specifies the use of such estimates by Federal agencies in the administration of Federal program benefits to state, county and local units of government when the population is used to determine the amount of benefits.

Base Program

Administrative records already collected by the Federal Government (such as income tax returns, Medicare enrollment records, and vital statistics) are a primary source of information for the intercensal estimates. For example, the individual income tax returns are geographically coded and used to develop migration statistics. A crucial part of this operation is the development and maintenance of a geographic coding scheme to match administrative record addresses to Census Bureau geography. These data, when combined with other geographic information, make it possible to provide current estimates for states, counties and local governmental units eligible to participate in Federal benefit programs. The population estimation system using administrative records provides geographic detail and a level of accuracy in line with the quality level recommended or proposed for figures required for legislative purposes. The Census Bureau uses the findings of evaluation studies to further improve the estimates.

The intercensal demographic estimates program includes a formal challenge procedure whereby local officials can submit evidence to challenge these estimates. The Census Bureau then researches and resolves these data challenges by state and local governments. The review process involves checking for clerical and logical errors on input data including births, deaths, institutional population, military station strength and barrack population, and migration data. It also reviews any supporting data supplied by the challenging government. If necessary, the Census Bureau will ask its local contacts--developed through the Federal-State Cooperative Program for Population Estimates--for comments and any new data available on the challenging areas' current population.

Beyond use in the distribution of Federal funds, the estimates for the geographic distribution of population provide the data needed to make decisions such as the local of retail outlets and manufacturing establishments, state and local government services, planning of utility service, and redefining metropolitan areas.

The Census Bureau evaluates the estimates methodology in light of census results and revises estimation methods accordingly. The Census Bureau prepares migration flow tabulations and sends population estimates and migration data to the appropriate Federal agencies for their use.

The Census Bureau has an ongoing process for updating the geographic coding for intercensal estimates. This process is essential to update the geographic coding of tax returns and other administrative data each decade so that the populations are estimated in their correct residences with revised geography. Major activities include: creation of geographic extract files based on the 1990 census and subsequent updates; development of a coding methodology that uses these extract files to code administrative record mailing addresses to the block level; processing over 100 million administrative records to test the new coding procedures against last decade's coding methods.

In previous decades, we have done this recoding by a once or twice a decade massive effort to ask place of residence on the IRS 1040 tax return, to pay IRS to code these numbers manually, and to revise our coding guides appropriately. In this decade, we will perform much of this recoding using a more cost effective annual updating process based on data from the decennial census Master Address Files and the TIGER geographic data base.

Specific 1995 Base Obligation Changes to the 1994 President's Request; (Obligations), (Dollar amounts in thousands):

(-$168 + 2 FTE) In FY 1995 we will complete the development and implementation of the system of annual geographic coding of the administrative records used in population estimates begun in FY 94. This change supports the extension of this system to include development and implementation of the process to code non-standard mailing addresses (rural routes and post office boxes) to residence addresses so that they can also be used in the population estimates process.

Also, In FY 1994, we began the research stage of the Intercensal Poverty Estimates project, however, funds are not available to continue this project in FY 1995. Therefore, no substate estimates of children or the elderly in poverty will be available for fund allocation or other purposes.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Demographic statistics programs
Subactivity: 1990 Decennial census

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Planning, direction and review	Pos./BA	124	$9,066	0	$0	0	$0	0	$0	0	$0
	FTE/Oblig.	109	14,298	0	0	0		0		0	
Test censuses and dress rehearsal	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Oblig.	0	0	0	0	0		0		0	
Data Collection	Pos./BA	17	828	0	0	0	0	0	0	0	0
	FTE/Oblig.	18	1,815	0	0	0		0		0	
Operations	Pos./BA	131	9,573	0	0	0	0	0	0	0	0
	FTE/Oblig.	127	10,899	0	0	0		0		0	
Product development and data dissemination	Pos./BA	306	23,638	0	0	0	0	0	0	0	0
	FTE/Oblig.	266	24,556	0	0	0		0		0	
Promotion and outreach	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Oblig.	0	11	0	0	0		0		0	
Statistical research and evaluation	Pos./BA	85	5,300	0	0	0	0	0	0	0	0
	FTE/Oblig.	87	5,575	0	0	0		0		0	
Residential finance survey	Pos./BA	11	695	0	0	0	0	0	0	0	0
	FTE/Oblig.	11	742	0	0	0		0		0	
Total	Pos./BA	674	49,100	0	0	0	0	0	0	0	0
..	FTE/Oblig.	618	57,896	0	0	0	0	0	0	0	0
Adjustments for:											
Recoveries of Prior year obligations			(7,393)		(4,000)		(2,772)		(2,772)		
Unobligated balance, start of year			(1,891)		(488)						
Unobligated balance, end of year			488								
Transfer to Salaries and Expenses			2,936								
Appropriation		674	52,036	0	(4,488)	0	(2,772)	0	(2,772)	0	0

Exhibit 12

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Demographic statistics programs
Subactivity: 1990 Decennial census
Major System: 1990 Decennial census

In FY 1995, there are no funds requested for the 1990 Decennial Census. However, we expect to recover an estimated $2.8 million from prior year obligations.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Demographic statistics programs
Subactivity: Decennial census

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
2000 Research and Development and 1995 Census Test	Pos./BA	165	$13,000	118	$8,122	415	$37,577	415	$37,577	0	$0
	FTE/Obl.	164	13,752	118	8,122	769	37,577	769	37,577	0	0
Decennial Operational Preparation	Pos./BA	0	0	0	0	136	10,984	136	10,984	0	0
	FTE/Obl.	0	0	0	0	123	10,984	123	10,984	0	0
Total	Pos./BA	165	13,000	118	8,122	551	48,561	551	48,561	0	0
	FTE/Obl.	164	13,752	118	8,122	892	48,561	892	48,561	0	0
Adjustments for:											
Recoveries of prior year obligations			(36)								
Unobligated balance, start of year			(716)								
Unobligated balance, end of year											
Sequester											
Transfer to Salaries and Expenses											
Appropriation	Pos.	165	13,000	118	8,122	551	48,561	551	48,561	0	0

1/ In FY 1995, we transition from the research and development phase that identified various promising design alternatives to conducting the full-scale census test. The test is the culmination of the research and development program and will provide data on which to examine option feasibility; and measure potential improvements to accuracy and cost effectiveness and the potential to produce a one-number census. The test will provide the basis on which we select the 2000 decennial census design.

We will complete updating the test address file; complete the test map/geographic file generation, develop and coordinate test management activities; develop and implement an automated system for census design in December 1995 is dependent upon these operations.

NOTE: FY 1995 is a zero base estimate of $48,561 and 892 FTE.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Exhibit 12

Activity: Demographic statistics programs
Subactivity: Decennial census

Goal Statement

The goals of the decennial census are to provide official population counts mandated for apportionment of the U.S. House of Representatives and redistricting for the state legislative bodies; and to provide comprehensive and accurate population and housing statistics for political, statistical, and administrative areas for the Nation.

We will continue to explore and examine more cost efficient ways to take the census, concentrating on producing accurate, high quality data for the nation. We will continue to explore options of both profound changes and evolutionary ones, some as the result of evaluations of the 1990 decennial census.

Objectives:

The objectives of the decennial census in this middle part of the decade are 1) to continue to investigate ways to reduce or contain/control the cost, improve coverage, and to reduce (or redistribute throughout the decade) some of the enormous work load of the decennial census; 2) to successfully execute a full-scale census test in 1995 as part of the process for finalizing the design of the next census; and 3) to continue the planning and preparation of the infrastructure required to conduct a census regardless of its design.

Specifically, the Census Bureau will attempt to:

- Improve the cost effectiveness of demographic and housing data collection efforts.
- Achieve appropriate levels of accuracy for the data.
- Reduce and simplify the work in the basic decennial census and lessen its logistical requirements.
- Take advantage of new technology.
- Ensure that respondent burden levels are reasonable given the value of the data collected.
- Improve the manageability of the entire decennial census process.
- Diversify and reduce the risks now centralized in one large operation conducted only once a decade.
- Develop and implement geographic programs to update political, statistical, and administrative areas required for the census including voting districts as required by P.L. 94-171.

Background

History shows that the Census Bureau has pioneered the development and use of new methods and technologies to produce more timely and accurate data. We developed and used the Hollerith punch card, the first automated data processing system, for the 1890 census; first used computers for the 1950 census; developed optical scanning of microfilm for the 1960 census; changed to questionnaire mailing for the 1970 census; and developed the computer-generated TIGER map system for the 1990 census.

The Census Bureau, Department of Commerce, Office of Management and Budget, General Accounting Office, and Congress (House Report 99-669) recognized that an earlier start for research and analysis for the decennial census was necessary. The decennial census is a highly complex and unique undertaking. Social, demographic, and economic changes, such as shifts in composition of the Nation's labor force, and changing living arrangements will necessarily call for some changes in the conduct of the next census. Experience has shown that longer lead times are required to fully test and evaluate program design options for data collection and processing. The associated computer technologies that support the census design also require lengthy procurement and implementation processes.

The decennial census design activity is guided by the Under Secretary for Economic Affairs who established a Task Force to coordinate design activities within the Economics and Statistics Administration. The Census Bureau staff provides support for the design effort under the immediate supervision of the Associate Director for Statistical Design, Methodology, and Standards. This area defines the scope and content of the fundamental review of the decennial census process, and organizes assessments of the need for and feasibility of options and innovations. Census Bureau staff explores behavioral and societal trends affecting various alternatives, and analyzes relative costs and benefits of those alternatives. We consult and coordinate these efforts with Department of Commerce officials and other Executive branch agencies, and provide an opportunity for input and review by outside groups and census data users.

We are continuing planning efforts for the decennial census, and are examining innovative changes to meet future challenges and to test the effects of those changes on cost, coverage, accuracy, and timeliness. Planning for and procuring automated systems require lengthy lead times. House Appropriation Report 99-669, in particular, suggests that research and development begin early on future census automation systems.

Preliminary testing of innovations started earlier this decade than for previous censuses, since far reaching changes are being considered, and we need to allow time for sufficient analysis of results. Early preparations are necessary to gain consensus among the various users and agencies dependent on decennial census information, and to allow time for any necessary legislative action.

Base program

In FY 1994, our focus is on refining the decennial census features that we will test in 1995. This test and the complete derivation of the process leading to a final determination of the 2000 census design represent the culmination of the research and development part of the 2000 program. We will continue interactions with the task force and other organizations. We will continue to do research and to develop an administrative records support system design adequate to meet the needs of the 1995 test. We will conduct cost effective methods of analytical testing for coverage measurement methods and nonresponse followup sampling. We will finalize the software development and integration of automated systems to support data collection, capture and processing operations in the 1995 Census Test. We will complete work to select methods to increase public response, and develop methods for improving coverage. We will develop specific modeling and analysis related to the 1995 test.

The 1995 census test activities move from preliminary studies and planning to the full scale preparatory level program. We will update the OMB clearance process for the mailing packages. We will determine evaluation program objectives for the test and begin to design the samples of households required to meet those objectives. We will establish contract vehicles for and begin the construction of test production systems for data capture and processing based on our research prototype models. We will determine the objectives for and conduct operational workflow analyses and determine workforce requirements. We will develop procedures, manuals, training guides, and forms required for the data collection and processing operations. This includes estimated prior year recoveries of $10,678,000 in FY 1994.

In FY 1995, we will focus on conducting the 1995 census test in order to select by December 1995 the features that we will use for the decennial census. Both the 2000 research and development (R&D) program and 1995 census test are organized around the fundamental features of the census. The features important to defining and selecting designs are: Data Collection Outside the Decennial Year; Administration of Data Collection; Content; Use of Lists; Primary Response Options; Nonresponse Followup; Sampling for the Count; Sampling for Content; and Statistical Estimation. Corresponding to each feature is a set of projects that will determine the feasibility and cost effectiveness of the most promising option for that feature.

A brief discussion of each R&D, operational preparation, and research for 2001 and beyond program component used to examine census features and designs is described below. The specific 1995 Base obligations changes from the 1994 appropriation (obligations), including estimated prior year recoveries, (dollar amounts in thousands), are also discussed.

Sources of Change: Opening the Planning Process to External Influences: These activities are essential to assure that the process for designing the 2000 census allows consideration of external needs, ideas, and expertise.

Task Force Activities. We support, at the Bureau of the Census and the Department of Commerce, the three committees of the Task Force which steer the design effort for the 2000 census. The official date for the Task Force to make its recommendations for potential designs is January 1, 1995.

(-$305; -1 FTE) In 1995, the Task Force will make its recommendations on the 2000 census design. Its charter expires in January 1995. It is critical to provide sufficient support to the Task Force as it issues its final report, and subsequent to its issuance there also will be a ne to communicate, explain, and defend the recommendations to a wide variety of stakeholders. This includes estimated prior year recoveries of $567 in FY 1994.

Contacts with State and Local Governments. We will interact with national organizations for state and local governments.

(-$150; -1 FTE) At the end of FY 1992, we discontinued the development of a detailed plan of direct contacts between the Census Bureau and state and local governments. In FY 1994, we continued interactions with national organizations. In FY 1995, we will pursue work relating to contacts with state and local governments under III.B., Special Methods for Special Areas and Subpopulations. This includes estimated prior year recoveries of $150 in FY 1994.

Design Options for a New Census. These four areas of research support key features of the census and are particularly subject to uncertainties in the developmental path.

Administrative Records, Modeling, and Estimation. We will continue to research and develop an advanced matching/unduplicating system for the decennial census. Automated and clerical matching and unduplication is a critical census requirement.

(+$141; +1 FTE) In FY 1995, we will develop, test, and evaluate various matching keys for the automated and clerical matching/unduplicating systems developed under the direction of the matching research and specifications working group. We will evaluate the automated and clerical matching/unduplicating systems used for the 1995 census test and make recommendations for future development based on the evaluation results. We will continue to modify/develop/refine, test, and evaluate name and address standardization and matching software for use in the 2000 census. We have discontinued work on Administrative Records/Management and the Administrative Records Information System (ARIS) in the Research and Development Program, and are pursuing these within the test census and operational preparation programs. This includes estimated prior year recoveries of $1,708 in FY 1994.

Various Uses of Sampling. We will continue research on various technical and policy issues associated with sampling for the count and content sampling. In terms of sampling for the count, the use of integrated coverage measurement (including demographic analysis) is targeted at improving our ability to implement a "one-number" census and to reduce differential coverage. The use of sampling for nonresponse or other operations primarily is targeted at reducing costs, but also may contribute to reducing differential coverage insofar as enumerators can do a better job when they can focus on a smaller workload. Content sampling involves the use of matrix sampling which offers the opportunity to collect data on more topics without increasing overall respondent burden, or to collect data on the same number of topics while reducing overall respondent burden. Issues of importance are optimal sample design, reliability of the estimates, legality, acceptability, and operational feasibility.

(-$2,773; -38) In FY 1995, we will refine design and estimation methodologies for integrated coverage measurement, uses of demographic analyses and sampling for nonresponse followup. This includes prior year recoveries of $2,314 in FY 1994.

Simplified Questionnaire and Content. In FY 1994, we completed research including small-scale mailout and telephone interview tests on ways to improve questionnaire design, wording, and length. Also, we completed analysis of FY 1992-1993 research on the distribution and use of 1990 census data, and made recommendations regarding census content that are consistent with the 1995 test census.

(-$728; -13 FTE) At the end of FY 1994, we completed all work on the simplified questionnaire and content. Results from our work will be implemented into the design of the 1995 census test questionnaire. This includes estimated prior recoveries of $728 in FY 1994.

Technology to Collect and Process Data. We will conclude our examination of the possibilities for automation technology to increase the number of modes by which the public can respond to the census and we, in turn, can efficiently and effectively receive, process, and digest the response data. To this end we will continue to update forecasts of public access to and market penetration of household-based technologies such as personal computers, telephone service (touch-tone and voice recognition), facsimile machines, computer networks, interactive cable TV, and the like. We will continue research and development to maintain and upgrade the 1990 Decennial Data Capture System (FACT90/FOSDIC) to current electronic component technology and produce a new image processing-based research prototype system to transition toward a Decennial Capture System for 2000 (DCS2000). We will continue to perform functional and operational analyses based on benchmark data from the technology prototype models to scale the number and types of systems required to support capture and processing operations. We will complete the system acquisition and integration process for the 1995 census test.

(-$3,160; -12 FTE) In FY 1995, we will complete cost/benefit analyses of the technology components, data capture systems, and automated data collection systems used in the 1995 census tests. Funding is allocated for contracts to continue research on how optical character recognition systems may be integrated into our overall data capture technologies and on how computer voice recognition systems may be integrated into our overall data collection technologies. We will discontinue work related to the building, acquisition, and deployment of the technology components, data capture systems, and automated data collection systems used in the 1995 census test in the Research and Development Program and pursue these in the test census and operational preparation programs. This included estimated recoveries of $3,470 in FY 1994.

Continuous Measurement. The continuous measurement system will provide sample data collected through an integrated system of ongoing surveys, administrative records, and statistical modeling. The goal of this system is to provide sample data detailed at a level of geography and quality comparable with that from a census-based sample, but with greater frequency and accuracy. The continuous measurement system will continue to produce and provide data on an annual basis after 2000. This intensive program of research is critically needed to explore, develop, and implement a continuous measurement program, and to determine its implications for the 2000 census. The census sample data has many users including other Federal agencies, state and local governments, academics, and the private sector. We will explore methodologies for undertaking this potentially profound change, including scope, timing, and cost.

(+$2,616; +34 FTE) In FY 1995, we will investigate, develop, test, and evaluate components of a continuous measurement system as a replacement for the 2000 census sample data questionnaire. We will evaluate proposed changes using a variety of criteria. Also, we will investigate, develop, and evaluate the inclusion of administrative record time series data as a part of a continuous measurement system. We will do research on each of the data items to determine the most appropriate methodology to use in the estimation of the item. For example, we might be able to determine the most appropriate migration, educational attainment, U.S. citizenship, year came to the U.S., language spoken in the home, military service status, number of children ever born, and ancestry/ethnic origin data accumulated over a five year period. However, journey-to-work, industry, occupation, work history, and income might be more successfully estimated using statistical estimation techniques that include administrative records or census-based data.

Options to Adapt to a Changing Society. These activities will allow us to determine how to adapt census taking methods to the society of 2000.

Special Methods for Special Areas and Subpopulations. We will continue research and testing of methods to overcome the barriers to enumeration for selected population groups and geographic areas. This will include new or improved procedures for questionnaire delivery and data collection methods in large urban areas, investigation and evaluation of the completeness of lists for group quarters, and exploration of enhancements for the use of administrative record sets to supplement enumeration.

(-$644; -11 FTE) In FY 1995, we will continue small scale field tests and evaluations of methods that could be used in targeted areas to overcome barriers to enumeration and continue evaluation of the use of a predeveloped database that identifies locations and population targeted for special procedures. We will also inform state and local governments on the status of the research and development program and the transition to operational planning. In FY 1995, we will be unable to pursue work on improving enumeration methods for American Indian reservations, migrant worker camps, and the homeless, and on developing and testing conceptually translated questionnaires. This includes estimated prior year recoveries of $1,478 in FY 1994.

Race and Ethnicity Studies. Analyses and evaluations of the 1990 race and ethnicity questions indicate that there is confusion by respondents about how to answer the race and Hispanic origin questions. Accurate data are needed because numerous governmental programs use these data in their implementation.

(+$180; +2 FTE) In FY 1995, we will to consult with stakeholders and conduct small scale tests relating to the race and ethnicity questions.

Changes to Components Common to all Designs. These areas complement all options under consideration. We need to address them along with the tested options to determine interaction effects.

Address List Maintenance. We completed an analysis of rural address conversion and participated in research on local government involvement in address list improvement. We tested USPS approved software for cleaning and improving mailing lists. We developed plans for evaluation [illegible] Master Address File.

(-$120; -2 FTE) At the end of FY 1994, we discontinued work on address list maintenance after completing the evaluation of the 1990 local review program. This includes estimated prior year recoveries of $120 in FY 1994.

Cost Modeling, Operations Research, and Decision Support. We will develop specific modeling and analysis related to the 1995 census test and its results, and complete the integration of workflow, staffing, and cost data with logistics planning and implementation, and continue the use of computer models and operations research in our goals for a cost effective census.

(+$271; +4 FTE) In 1995, we will examine the cost implications of the expected census design, monitor the 1995 test and analyze cost and productivity data related to decision criteria, complete the development of automated authorizations linked with logistics modeling for the implementation of the test and the support of budget versus actual management information, examine the cost implications of district office and processing office configurations, and develop the costs of the 1996 tests and the 1998 dress rehearsal.

Preparing the Infrastructure for the Decennial Census. Early research and development identified various promising design alternatives. The 1995 census test program will allow fully integrated tests of the various design, components and technologies in an actual census environment. The tests will yield real-time data to make critical decisions about the efficiency of components of fundamental change to the design of the next census.

1995 Census Test Program. We will complete preparation for the 1995 census test, conduct the test, and begin evaluations in order to select the features that we will use for the decennial census.

(+$23,449; +606 FTE) In FY 1995, we will conduct a full-scale census test, the culmination of the R&D program. The plan is for four district offices, three urban and one rural. The test is properly situated in FY 1995 to allow for the selection of options to be tested by September 1993 and one year to fully develop the field test. The most promising options for each census feature will be tested in an actual census environment to examine their feasibility and measure potential improvements to accuracy, cost reduction or control, reducing the differential undercount, and the production of a one-number census. The 1995 test is the culmination of earlier research to allow the development of a year 2000 census design.

In FY 1995, we will complete updating the test address file, developing and implementing temporary employees appointment/payroll system, developing and implementing automated collection/processing systems, completing map/geographic file generation, developing and implementing cost and progress reporting systems, writing and printing procedural manuals and training, developing and implementing quality assurance techniques, designing and printing the test questionnaires, coordinating test planning, managing processing and district office operations, developing and implementing test coverage measurement methodology, collecting and processing data, and evaluating some test features. We also will continue to research national and local administrative records files that we might use to improve census coverage and procure administrative records to test and evaluate during the 1995 census test. This includes estimated prior recoveries of $143 in FY 1994.

The cost estimate for the 1995 census test is based on current assumptions regarding this activity. As specifics relating to the test are defined and operationalized, the estimates for this activity may be refined.

Decennial Operational Preparation. FY 1995 is the first year of the cycle for operational preparation for the 2000 decennial census. The focus of these activities in FY 1995 concentrates on the preparatory work required for the census regardless of the design. These activities are independent of the research and development program.

Operational Preparation. In FY 1995, we will conduct preparatory activities required to implement the 2000 census regardless of the methodology selected through the Research and Development process and the 1995 census test. There are a myriad of complex steps that must be conducted. These must be undertaken during 1995 to support any design defined by December 1995.
(+$8993; +92 FTE) Specific 1995 activities include the following:

- Begin developmental programs to update the boundaries of the basic geographic structure required to support the data collection and tabulation programs for the 2000 census.
- Begin planning the address list update activities as necessary to supplement the Master Address File (MAF) for use in the 2000 census.
- Begin initial planning of the field organization structure for the 2000 census, including the number and type of collection offices and regional management organization.

- Begin updating the special place/group quarters inventory as required to supplement the MAF process and begin planning for the control of special place enumeration processing.
- Begin preparatory work required to implement a consultation and promotion program for the 2000 census.
- Begin Phase 1 of the 2000 Redistricting Data Program where state redistricting officials will identify features to be used as census block boundaries based on their requirements for defining voting districts.
- Begin planning/research required to integrate the Decennial Tabulation and Publication System with other Census Bureau systems.
- Begin to research productivity and costs associated with alternative automation systems implementation.
- Develop alternative processing designs which efficiently and effectively support the varied census features being developed, studied, and tested for potential inclusion in the 2000 census.
- Maintain the Administrative Records Information System (ARIS) that provides information on the availability and content of administrative records.

Content Planning and Testing. Conduct development work on content issues for the 2000 census.

(+$1,031; +18 FTE) In FY 1995, we will recommend the broad scope of content that should be included on the 2000 census questionnaire based on consulting with both Federal and non-Federal data users. We will design and begin preparations for a 1996 content test which will be the primary vehicle for determining the final wording of the specific questions as well as their sequence on the questionnaire.

1996 Tests. The 1995 test will be a test of design features and not for the development of an integrated infrastructure. In FY 1996, we need to refine selected options from the 1995 census test for full implementation in the Year 2000 census, and to test specific options important for any selected design which could not be tested in 1995.

(+$764; +11 FTE) In FY 1995, we will begin limited planning for small special purpose tests and a moderately size district office test as necessary to supplement or followup on the 1995 census test.

Research for 2001 and Beyond. We will begin developing the plans for an ongoing staff to make a 2010 administrative records census feasible.

Administrative Records Census. An administrative records census could be a cost effective, less burdensome census when compared to a traditional mail census that requires every housing unit in the country be contacted at least once and often many times.

(+$196; +2 FTE) In FY 1995, we will begin to develop a major administrative records census feasibility study to be conducted as part of the 2000 census research program. We will begin to develop and make specific proposals on the changes needed in national level files in order to make them accessible and usable for an administrative records census.

The Program Components, Table 1, identifies major program areas for the 2000 census. The major program areas are divided into major categories, and display the funding associated with each. Contracting activities are spread throughout each program component.

TABLE 1

DESIGN 2000 PROGRAM COMPONENTS
FY 1995 Total Request
(Dollar amounts in thousands)

Design Areas	FY 1994 1/		FY 1995 Request		Change	
	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE
Sources of Change: Opening the Planning Process to External Influences	717	5	262	3	(455)	(2)
Task Force Activities	567	4	262	3	(305)	(1)
Contacts with State and Local Governments	150	1	0	0	(150)	(1)
Design Option for a New Census	10,437	108	6,533	80	(3,904)	(28)
Administrative Records, Modeling, and Estimation	1,708	21	1,849	22	141	1
Various Uses of Sampling	3,981	54	1,208	16	(2,773)	(38)
Simplified Questionnaire and Content	728	13	0	0	(728)	(13)
Technology to Collect and Process Data	4,020	20	860	8	(3,160)	(12)
Continuous Measurement	0	0	2,616	34	2,616	34
Options to Adapt to a Changing Society	1,478	21	1,014	12	(464)	(9)
Special Methods for Special Areas and Subpopulations	1,478	21	834	10	(644)	(11)
Race and Ethnicity Studies	0	0	180	2	180	2
Changes to Components Common to All Designs	620	9	771	11	151	2
Address List Maintenance	120	2	0	0	(120)	(2)
Cost Modeling, Operations Research, and Decision Support	500	7	771	11	271	4
Preparing the Infrastructure for the 2000 Decennial Census	5,548	57	28,997	663	23,449	606
1995 Census Test Program	5,548	57	28,997	663	23,449	606
Total, Research and Development and 1995 Census Test Program	18,800	200	37,577	769	18,777	569
Decennial Operational Preparation	0	0	10,788	121	10,788	121
Operational Preparation	0	0	8,993	92	8,993	92
Content, Planning and Testing	0	0	1,031	18	1,031	18
1996 Tests	0	0	764	11	764	11
Research for 2001 and Beyond	0	0	196	2	196	2
Administrative Records Census	0	0	196	2	196	2
Total, Decennial Operational Preparation	0	0	10,984	123	10,984	123
Total, FY 1995 Decennial Census	18,800	200	48,561	892	29,761	692
FY 1994 Estimated Prior Year Recoveries 1/	(10,678)	(82)				
Total, FY 1995 Decennial Census	8,122	118	48,561	892	40,439	774

Exhibit 14

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM CHANGE PERSONNEL DETAIL

Activity: Demographic statistics programs
Subactivity: Decennial Census
Program Change: Research and Development and
1995 Census Test Program

Title:	Grade	Number	Annual Salary	Total Salaries
Division Chief	ES-3	1	$106,106	$106,106
Assistant Division Chief	15	1	69,427	69,427
Program Manager	15	2	69,427	138,854
Supv. Survey Statistician	15	1	69,427	69,427
Supv. Systems Analyst	15	1	69,427	69,427
Mathematical Statistician	14	8	59,022	472,176
Survey Statistician	14	6	59,022	354,132
Supv. Survey Statistician	14	6	59,022	354,132
Supv. Program Analyst	14	2	59,022	118,044
Supv. Mathematical Statistician	14	1	59,022	59,022
Supv. Computer Programmer	14	2	59,022	118,044
Branch Chief	14	1	59,022	59,022
Geographer	14	2	59,022	118,044
Survey Statistician	13	19	49,947	948,993
Mathematical Statistician	13	18	49,947	899,046
Program Analyst	13	8	49,947	399,576
Supv. Computer Programmer	13	2	49,947	99,894
Supv. Survey Statistician	13	2	49,947	99,894
Geographer	13	4	49,947	199,788
Management Information Specialist	13	6	49,947	299,682
Computer Programmer	13	5	49,947	249,735
Computer Program Analyst	13	6	49,947	299,682
Survey Statistician	13	5	49,947	249,735
Computer Program Analyst	12	20	42,003	840,060
Survey Statistician	12	20	42,003	840,060
Mathematical Statistician	12	16	42,003	672,048
Geographer	12	13	42,003	546,039
Media Specialist	12	10	42,003	420,030
Computer Programmer	12	5	42,003	210,015
Survey Statistician	12	43	42,003	1,806,129
Program Analyst	12	23	42,003	966,069
Administrative Specialist	12	9	42,003	378,027
Fiscal Analyst	12	9	42,003	378,027
Survey Statistician	11	20	35,045	700,900
Mathematical Statistician	11	18	36,986	665,748
Fiscal Analyst	11	12	35,045	420,540
Supply Clerk	9	3	28,964	86,892
Computer Program Analyst	9	13	28,964	376,532
Survey Statistician	9	16	28,964	463,424
Mathematical Statistician	9	6	32,420	194,520
Statistical Assistant	8	2	26,223	52,446
Financial Assistant	7	3	23,678	71,034
Mathematical Statistician	7	3	26,502	79,506
Education Assistant	7	1	23,678	23,678
Secretary	7	2	23,474	46,948
Secretary	6	6	21,805	130,830

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: Demographic statistics programs
Subactivity: Decennial Census
Program Change: Research and Development and
1995 Census Test Program

Title:	Grade	Number	Annual Salary	Total Salaries
Admin. Support Assistant	6	2	21,805	43,610
Statistical Assistant	6	4	21,308	85,232
Secretary	6	5	21,805	109,025
Secretary	5	4	20,173	80,692
Admin. Support Assistant	5	4	20,173	80,692
Clerk	4	5	17,086	85,430
Office Automation Clerk	4	5	18,577	92,885
Messenger	3	1	15,221	15,221
Total		412		16,814,171
1995 Pay Adjustment (1.6%)				201,770
Total full-time permanent				17,015,941

Personnel Data	Number
Full-Time Equivalent Employment:	
Full-time permanent	412
Other than full-time permanent	357
Total	769
Authorized Positions:	
Full-time permanent	415
Other than full-time permanent	861
Total	1276

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: Demographic statistics programs
Subactivity: Decennial Census

Research and Development and 1995 Census Test Program

	Object Class	1995 Estimate
11	Personnel compensation	
11.1	Full-time permanent	$17,016
11.3	Other than full-time permanent	6,017
11.5	Other personnel compensation	120
11.8	Special personnel services payments	0
11.9	Total personnel compensation	23,153
12.1	Civilian personnel benefits	3,996
13	Benefits for former personnel	0
21	Travel and transportation of persons	390
22	Transportation of things	18
23.1	Rental payments to GSA	2,846
23.2	Rental payments to others	107
23.3	Commun., util., misc. charges	1,322
24	Printing and reproduction	743
25.1	Consulting Services	477
25.2	Other services	2,657
25.3	Purchases of goods & svcs. from govt. accts.	715
26	Supplies and materials	314
31	Equipment	839
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	37,577

NOTE: FY 1995 is a zero base estimate of $37,577 and 769 FTE.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: Demographic statistics programs
Subactivity: Decennial Census
Program Change: Decennial Operational Preparation

Title:	Grade	Number	Annual Salary	Total Salaries
Senior Mathematical Statistician	15	1	69,427	69,427
Computer Systems Analyst	15	1	69,427	69,427
Supv. Survey Statistician	14	4	59,022	236,088
Supv. Computer Systems Analyst	14	3	59,022	177,066
Decennial Specialist	14	2	59,022	118,044
Mathematical Statistican	14	2	59,022	118,044
Engineer	14	1	59,022	59,022
Supervisory Geographer	14	1	59,022	59,022
Supv. Survey Statistician	13	6	49,947	299,682
Survey Statistician	13	8	49,947	399,576
Computer Systems Analyst	13	7	49,947	349,629
Information Specialist	13	2	49,947	99,894
Supv. Mathematical Statistician	13	2	49,947	99,894
Geographic Specialist	13	4	49,947	199,788
Research Social Specialist	13	1	49,947	49,947
Geographer	13	4	49,947	199,788
Geographer	12	10	42,003	420,030
Survey Statistician	12	14	42,003	588,042
Computer Program Analyst	12	12	42,003	504,036
Computer Program Analyst	12	3	42,003	126,009
Mathematical Statistician	12	2	42,003	84,006
Engineer	12	1	42,003	42,003
Decennial Specialist	12	1	42,003	42,003
Survey Statistician	11	3	35,045	105,135
Computer Program Analyst	11	1	35,045	35,045
Mathematical Statistician	11	6	36,986	221,916
Geographic Specialist	7	1	23,678	23,678
Secretary	7	5	23,474	117,370
Geographic Specialist	6	1	21,308	21,308
Secretary	6	4	21,805	87,220

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: Demographic statistics programs
Subactivity: Decennial Census
Program Change: Decennial Operational Preparation

Title:	Grade	Number	Annual Salary	Total Salaries
Secretary	5	4	20,173	80,692
Lead Geographic Specialist	5	2	19,116	38,232
Geographic Assistant	4	4	17,086	68,344
Total		123		5,209,407
1995 Pay Adjustment (1.6%)				62,513
Total full-time permanent				5,271,920
Personnel Data				
Full-Time Equivalent Employment:				
Full-time permanent		123		
Other than full-time permanent		0		
Total		123		
Authorized Positions:				
Full-time permanent		136		
Other than full-time permanent		0		
Total		136		

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: Demographic statistics programs
Subactivity: Decennial Census

Decennial Operational Preparation

	Object Class	1995 Estimate
11	Personnel compensation	
11.1	Full-time permanent	$5,272
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	34
11.8	Special personnel services payments	0
11.9	Total personnel compensation	5,306
12.1	Civilian personnel benefits	1,161
13	Benefits for former personnel	0
21	Travel and transportation of persons	241
22	Transportation of things	5
23.1	Rental payments to GSA	738
23.2	Rental payments to others	26
23.3	Commun., util., misc. charges	171
24	Printing and reproduction	125
25.1	Consulting Services	166
25.2	Other services	2,237
25.3	Purchases of goods & svcs. from govt. accts.	240
26	Supplies and materials	192
31	Equipment	374
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	2
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	10,984

NOTE: FY 1995 is a zero base estimate of $10,984 and 123 FTE.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Sample redesign
Subactivity: Sample redesign

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Sample redesign	Pos./BA	206	$10,765	185	$13,048	57	$6,616	54	$6,441	(3)	($175)
	FTE/Obl.	230	21,485	389	13,096	192	6,616	189	6,441	(3)	(175)
Total	Pos./BA	206	10,765	185	13,048	57	6,616	54	6,441	(3)	(175)
	FTE/Obl.	230	21,485	389	13,096	192	6,616	189	6,441	(3)	(175)
Adjustments for:											
Recoveries of prior year obligations			(10,235)								
Unobligated balance, start of year			(485)								
Unobligated balance, end of year											
Sequester											
Transfer to Salaries and Expenses			309								
Appropriation	Pos.	206	11,074	185	13,096	57	6,616	54	6,441	(3)	(175)

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Exhibit 12

Activity: Sample redesign
Subactivity: Sample redesign

Goal Statement

The goal of Sample Redesign is to improve sample efficiencies and maintain confidence in the major Federal socioeconomic indicators.

Objectives:

The objectives of this subactivity are to investigate and modify the sample design of major current surveys, improving the quality of data and the cost effectiveness of the sample selection, collection, tabulation and dissemination processes.

Base Program

The Sample Redesign supports all the Federal Government's principal household surveys. The Census Bureau conducts major household surveys that provide the official measurements of income and poverty, unemployment, health, and crime, as well as a variety of information on topics such as education, migration, and participation in Federal support programs. Sample Redesign keeps those surveys current, therefore, the data should reflect the demographic characteristics of the population. Sample Redesign is expected to produce efficiency gains over a ten year period for the major current demographic surveys based on the 1990 census.

The surveys include the Current Population Survey (sponsored by the Census Bureau and the Bureau of Labor Statistics), American Housing Survey (Department of Housing and Urban Development), National Health Interview Survey (National Center for Health Statistics), Consumer Expenditure and Point of Purchase Surveys (Bureau of Labor Statistics), National Crime Survey (Department of Justice), Survey of Income and Program Participation (Census Bureau), and Housing Vacancy Survey (Census Bureau).

Specific 1995 Base Obligations Changes to the 1994 Appropriation (Obligations), (dollar amount in thousands):

(-$6,480; -197 FTE) Activities that started in FY 1994 and will continue in FY 1995 include writing the procedures to be used by the field Regional Offices for the Consumer Expenditure and the American Housing (National Sample) Surveys; making computer adjustments to the sample to reflect final sample area definitions and results of field pre-interview activities for the Consumer Expenditure Surveys; producing outputs and controls to be used by the field staff (both the Regional Offices and the interviewers) for NCVS and NHIS. New activities are mailout of interview materials for NCVS, AHS-MS, NHIS, CPP and CE, and preparing files containing geography for data tabulation for all of the above surveys.

The computer sampling and clerical processing of materials are completed. The bulk of the remaining work will be done in the field.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Computer Assisted Survey Information Collection (CASIC)
Subactivity: CASIC

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
CASIC	Pos./BA	0	$0	0	$0	0	$0	116	$7,409	116	$7,409
	FTE/Obl.	0	0	0	0	0	0	87	7,409	87	7,409
Total	Pos./BA	0	0	0	0	0	0	116	7,409	116	7,409
	FTE/Obl.	0	0	0	0	0	0	87	7,409	87	7,409
Adjustments for:											
Recoveries of prior year obligations											
Unobligated balance, start of year											
Unobligated balance, end of year											
Sequester											
Transfer to Salaries and Expenses											
Appropriation	Pos.	0	0	0	0	0	0	116	7,409	116	7,409

Exhibit 12

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Computer Assisted Survey Information Collection (CASIC)
Subactivity: CASIC

Goal Statement

The goal of Computer-Assisted Survey Information Collection (CASIC) is to maximize the use of automation and telecommunications to integrate collection, capture, and processing of data.

Objectives:

The objectivas of CASIC are to:

- Increase cost efficiency by using standardized hardware, software, and multi-functional facilities which will support both economic and demographic surveys and censuses;
- Modernize field operations by automating and integrating most check-in, editing, data entry, and related clerical functions in regional offices and the Jeffersonville data preparation center;
- Enhance data quality through computer-assisted interviewing (CAI), availability of multiple response media, and concurrent data capture and editing;
- Provide more complete and timely management information by integrating cost, progress, and performance reports into automated data collection/capture and processing tools;
- Increase the timeliness and cost efficiency of processing activities by collecting data in machine readable format, editing concurrent with collecting, prompt data transmission, and using automated and computer-assisted coding;
- Stimululate and direct the reengineering of existing information collection, capture, and control methods.

The CASIC program evaluates and develops effective automation of labor-intensive processes involved in survey- and census-taking. It stimululates and funds automation activities in the demographic and economic statistics program areas of the Census Bureau. These activities have focused on incorporating computer-assisted interviewing into ongoing surveys; computer-assisted telephone interviewing (CATI) was developed to address the immediate problem of labor shortages in urban areas and the larger issue of improving data quality through automated questionnaires and centralized control of the interviewing process.

Other aspects of CASIC include computer self-interviewing, electronic data interchanges, integrated control systems, advanced authoring systems, automated listing and sampling systems, and imaging systems.

Exhibit 13

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
INCREASE FOR FY 1995
(Dollar amounts in thousands)

Activity: Computer-Assisted Survey Information Collection (CASIC)
Subactivity: CASIC

						Increase/Decrease			
		1995 Base		1995 Estimate		Other Changes		Program Changes	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Computer Assisted	Pos./BA	...	...	116	$7,409	...	...	116	$7,409
Survey Collection	FTE/Obl.	...	...	87	7,409	...	...	87	7,409

Computer-Assisted Survey Information Collection (+116 permanent positions, +87 FTE, +$7,409). Computer-Assisted Survey Information Collection (CASIC) will maximize the use of automation and telecommunications to integrate collection, capture, and processing of data. This integration will increase cost efficiency; enhance data quality; provide more complete and timely management information and increase the timeliness and cost efficiency of processing operations.

The CASIC program evaluates and develops effective automation of the labor-intensive processes involved in survey- and census-taking. It stimulates automation activities in the demographic and economic statistics program areas of the Census Bureau. These activities have focused on incorporating computer-assisted interviewing into ongoing surveys; computer-assisted telephone interviewing (CATI) was developed to address the immediate problem of labor shortages in urban areas and the larger issue of improving data quality through automated questionnaires and centralized control of the interviewing process.

Other aspects of CASIC, such as computer self-interviewing, electronic data interchanges, integrated control systems, advanced authoring systems, automated listing and sampling systems, and imaging systems are in earlier stages of evaluation and development.

It is now desirable to combine and coordinate all CASIC activities throughout the Census Bureau. This initiative links with the overall Department mission to promote economic growth and the specific Secretarial initiative to Improve Customer-Service and Information Flow and to create the National Information Infrastructure.

The FY 1995 funds support the following plans and benefits:

Plan	Benefits
Provide incremental increases of laptops, modems, maintenance, telecommunications and software support for Computer Assisted Personal Interviewing (CAPI) activities.	Combines collection, entry, and some editing of data thereby potentially reducing data delivery time.
Support development of central control system for CATI/CAPI.	Provides for integration of CATI and CAPI case management; streamlines transmission of uncontacted CATI cases to field interviewers for CAPI followup; provides for a centralized repository of Bureau sample construction; encourages standardization of processes.
Provide coordination of CASIC activities throughout the Census Bureau; provide a central point within the Bureau for exchange of CASIC experiences with outside agencies and organizations.	Eliminates duplication of effort in the development and support of many functionally identical automated collection and processing tools; eliminates the potential for disruption of ongoing program activities.
Continue evaluation of CAI vendor software; maintain software licenses for existing CASIC software.	Reliance on vendor-supplied software for CASIC functions eliminates the need for internal applications programming and program maintenance.
Support limited enhancements to CAI vendor software.	Through contractual agreements, functions not available in vendor software can be added and maintained by vendor.
Support limited telecommunications software.	Provides the connectivity software for all the CASIC tools and exchange and control of sampling frames.

Plan (con't)	Benefits (con't)
Provide the organizational structure for a centralized CATI/CAPI/CSI/Computer Assisted Data Entry (CADE) authoring staff; to the extent possible, rely on one authoring software system for all automated data collection instruments.	Centralizing authoring and use of common authoring software will promote standardization and sharing of expertise.
Provide stimulus and infrastructure for automating pencil and paper data collection.	Much of the labor-intensive mail and paper handling can be eliminated saving labor and postage costs.

Note: Other Changes column includes administrative savings, FTE savings, and offsetting collections from Census data sales.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: Computer Assisted Survey Information Collection (CASIC)
Subactivity: CASIC
Program Change: CASIC

Title:		Grade	Number	Annual Salary	Total Salaries
Branch Chief		GS-14	1	59,022	59,022
Computer Systems Analyst		GS-13	3	49,947	149,841
Supervisory Computer Programmer		GS-13	3	49,947	149,841
Computer Systems Analyst		GS-13	3	49,947	149,841
Communications Specialist		GS-13	4	49,947	199,788
Computer Programmer		GS-12	4	42,003	168,012
Computer Scientist		GS-12	2	42,003	84,006
Computer Systems Analyst		GS-12	8	42,003	336,024
Computer Systems Programmer		GS-12	3	42,003	126,009
Communication Specialist		GS-12	6	42,003	252,018
Shift Supervisor		GS-12	2	42,003	84,006
Training Operations Specialist		GS-11	2	35,045	70,090
Operations Specialist Trainee		GS-11	11	35,045	385,495
Computer Programmer		GS-11	5	35,045	175,225
Computer Programmer		GS-09	9	28,964	260,676
Computer Assistant		GS-08	9	26,223	236,007
Statistical Assistant		GS-07	24	23,678	568,272
Lead Clerk		GS-06	10	21,308	213,080
Computer Assistant		GS-05	3	19,116	57,348
Secretary		GS-05	1	19,116	19,116
Computer Mechanic		WG-05	1	43,452	43,452
Materials Handler		WG-04	2	27,861	55,722
Total			116		3,842,891
Less lapse	25.00%		29		960,723
Total full-time permanent			87		2,882,168
1995 Pay Adjustment	1.60%				46,115
					2,928,283

Personnel Data

	Number
Full-time Equivalent Employment:	
Full-time Permanent	87
Other than full-time permanent	0
Total	87
Authorized Positions:	
Full-time permanent	116
Other than full-time permanent	0
Total	116

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 15

Activity: CASIC
Subactivity: CASIC
Program Change: CASIC

Object Class		1995 Increase
11	Personnel compensation	
11.1	Full-time permanent	$2,928
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	2,928
12.1	Civilian personnel Benefits	786
13	Benefits for former personnel	0
21	Travel and transportation of persons	72
22	Transportation of things	1
23.1	Rental payments to GSA	361
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	57
24	Printing and reproduction	9
25.1	Consulting services	0
25.2	Other services	1,224
26	Supplies and materials	29
31	Equipment	1,942
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	7,409

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Geographic support
Subactivity: Geographic support

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Line item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Geographic support	Pos./BA	179	$12,283	381	$18,444	351	$35,669	345	$35,107	(6)	($562)
	FTE/Obl.	183	13,027	368	24,014	357	35,669	351	35,107	(6)	(562)
Total	Pos./BA	179	12,283	381	18,444	351	35,669	345	35,107	(6)	(562)
	FTE/Obl.	183	13,027	368	24,014	357	35,669	351	35,107	(6)	(562)
Adjustments for:											
Recoveries of prior year obligations			946		(6,000)						
Unobligated balance, start of year			(1,690)								
Unobligated balance, end of year											
Sequester											
Transfer to Salaries and Expenses			1136								
Appropriation	Pos.	179	13,419	381	18,014	351	35,669	345	35,107	(6)	(562)

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Exhibit 12

Activity: Geographic support
Subactivity: Geographic support

Goal Statement

Increased automation of the Geographic Support activity assists the Census Bureau in achieving its goals of controlling costs and improving the timeliness of the information it provides. The availability of a complete, nationwide Topologically Integrated Geographic Encoding and Referencing (TIGER) data base linked with a complete, nationwide Master Address File (MAF) provides the capability for efficient production of high quality maps, rapid assignment of residential, business, and farm addresses to the correct geographic locations, efficient design of sample surveys, and automation of critical aspects of the Census Bureau's data collection, processing, and dissemination processes. The TIGER data base is a national resource. Several other Federal agencies, the Congress, numerous state and local governments, and many private sector and academic organizations also use the TIGER data base to support their mapping, geographic analysis, and Geographic Information System (GIS) activities.

The goal of the Geographic Support activity is to provide the basic maps, reference files, and associated processing systems needed to meet the geographic requirements of all periodic censuses (the decennial census of population and housing and the quinquennial economic and agricultural censuses), the current sample surveys, the special census program, the population estimates program, and the research and development programs (including those for exploring the continuous measurement and implementing the 2000 decennial census) of the Census Bureau. Determining the correct address of every housing unit, and the correct location of every business establishment, farm, and residence in the United States and its territories, are the abiding missions of the Geographic Support activity. Additionally, the TIGER data base provides geographic products that have become an essential component of the analytical and mapping programs of the Census Bureau's external customers. Collectively, these activities involve the Census Bureau in nearly constant use of the TIGER data base.

Objectives:

To meet the Geographic Support goal, the objectives of the Geographic Support activity are to: portray accurately the boundaries of all legal, administrative, and statistical areas for which the Census Bureau tabulates data, along with the roads and other relevant map features required to support the data collection operations that result in those tabulations and the data analysis activities that flow from them; to maintain a geographically-assigned list of all residential addresses, and to cooperate with the Federal Geographic Data Committee (FGDC) to promote partnerships with other Federal agencies, state and local governments and the private sector that result in geographic (spatial) data sharing and avoid duplication of efforts in map automation.

The Census Bureau uses the acronym TIGER to identify the automated geographic data base at the heart of the Geographic Support activity. The Census Bureau developed the TIGER data base as the first component of its program to automate its Geographic Support activity; it did this as part of a cooperative project with the U. S. Geological Survey (USGS).

Base Program

The Census Bureau currently is developing the second component of its automated Geographic Support activity. It is doing this as part of a cooperative project with the U.S. Postal Service (USPS). The USPS shares the Census Bureau's nationwide scope of operations and its interest in a comprehensive, continuously updated "Delivery Sequence File" (DSF) to support further automation of its mail sorting activities. The USPS is in a unique position to provide continuous address updates because of its mission to deliver mail daily to all households and businesses. This TIGER-linked computer file, which the Census Bureau calls the MAF will include all residential addresses in the Nation. The origin of the MAF was the computer file the Census Bureau developed to control the enumeration of every housing unit included in the 1990 census; this file was called the Address Control File (ACF). In addition to it's use of the ACF to support the 1990 census, the Census Bureau used the ACF as the starting point for selecting the housing units to be included in its current sample surveys and as the base from which it makes population estimates and projections. The Census Bureau created the MAF (which, unlike the ACF, is linked to the TIGER data base) to support its future statistical programs, including the various research and development efforts and as the control list for any 2000 decennial census design.

To support the MAF development process and its linkage with the TIGER data base, the Census Bureau and the USPS will continue performing their periodic updates to improve the information content of the MAF and the TIGER data base. This will be done by matching the MAF with the DSF and the the USPS ZIP+4 file, entering into the MAF new USPS addresses and ZIP+4 Codes, flagging for deletion MAF addresses that appear to not exist, and entering into the TIGER data base new and revised street names, address ranges, and ZIP+4 Codes identified during the matching process. Working with the USPS will ensure the completeness of the MAF, ensure MAF consistency with the TIGER data base, and ensure that the USPS can expeditiously deliver questionnaires labeled using addresses in the MAF. The cooperative effort also will help the USPS determine the current Congressional District location of each address to ensure correct delivery in compliance with Federal law. In addition, the Census Bureau will be working with other Federal agencies, as well as state and local governments, to help keep the TIGER data base and the linked MAF up-to-date.

City-style (house number/street name) addresses provide the best possible housing unit identification and location information for conducting Census Bureau operations and for supporting the emergency service (E-911) needs of state and local governments. Recognising the value of this information, the Census Bureau will continue its activities to provide technical and other support to locally initiated rural address conversion activities. The USPS also supports the conversion of rural-style addresses to city-style addresses to foster their goal of further automating their mail sorting activities. The Census Bureau will use the information provided by local addressing agencies and the USPS to supplement and improve the information in the MAF. To inform all stakeholders about the quality of these files, the Census Bureau will continue its programs to evaluate them and provide an assessment of their suitability for the various programs.

To ensure the continuing utility of the TIGER data base for organising MAF information, the Census Bureau will conduct is annual program to ensure correct depiction of the legal boundaries for all counties, for those incorporated places and selected minor civil divisions having populations of 5,000 or greater, and for new Congressional Districts; the Census Bureau must use current boundaries to tabulate the data correctly in its various statistical programs. The Census Bureau gathers the information needed for this purpose from appropriate state and local officials. The response rate for this Boundary and Annexation Survey normally exceeds 95 percent; nearly half of the participating governmental units report one or more changes. Using the locally provided information, the Census Bureau will integrate the changes into the TIGER data base to further improve its capability to classify the geographic locations of the respondents for each census or survey. This permits the Census Bureau to produce the maps and TIGER extract products that customers, including the Congress and those state and local officials involved in redistricting, require.

To improve the geographic support services provided to all Census Bureau activities, the Congress, other Federal agencies, state and local governments, and the private sector, the Census Bureau will continue to evaluate the standards and criteria it uses to establish the basic geographic framework for several of its major statistical programs. These areas include census tracts, block numbering areas, block groups, census designated places, census county divisions, urbanized areas, special economic urban areas, and enumerator assignment areas. The Census Bureau also will continue to determine how it can improve the quality of its related maps, geographic products, and geographic support services.

The Census Bureau will continue to develop "open systems" software that will be portable among all computer systems and output devices it plans to acquire. This new software will support the Census Bureau's activities associated with updating the MAF and the TIGER data base when it acquires digital geographic data and lists of individual addresses from other Federal, state, and local agencies. It will eliminate future dependencies on the hardware and operating systems of any particular computer manufacturer or the map and address information of any particular cooperating partner. Adherence to "open systems" standards will ensure that the TIGER data base and MAF function in numerous computer environments.

Specific 1995 Changes From FY 1994 Obligations (dollar amounts in thousands)

(+11,655; -11 FTE) Fiscal year 1995 represents the second year in a four year developmental effort to create a MAF linked with the TIGER data base and establish routine processes for continually updating both. The major new activities in this second year will fully implement operations that begin to resolve differences resulting from the MAF creation and update processes, provide TIGER maps to all local governments for review and update (regardless of their computer capability), and establish comprehensive map and address list update partnerships with state, regional and local governments. Specifically, the increase will:

- Begin the processes required to resolve questions resulting from the initial creation of the MAF, its linkage to the TIGER data base, and the continuous update of both. If a source reports a new address for the MAF that is on a street (or extension of an existing street) not already in the TIGER data base, the MAF update will generate a process, such as providing a map to the USPS or a cooperating local official, that culminates in adding the location and name of that street, plus all applicable address ranges and ZIP+4 Codes, to the TIGER data base. Similarly, if a source reports a change in street name to the TIGER data base, the TIGER data base update will generate a process that culminates in changing that street name on all related addresses in the MAF. Based on the results of this research, existing staff (with contractor assistance) will add addresses to the MAF, correct (or flag for deletion) existing MAF addresses, and update the street, address range, and ZIP code information in the TIGER data base to reflect the results of the resolution work.

Provide opportunities for local officials to review TIGER-generated maps. One of the major criticisms local officials had about the 1990 census geographic preparations was that the Census Bureau provided no opportunity for them to review the maps generated from the TIGER data base to ensure that the file was correct. To correct this situation, the Census Bureau will begin a program to provide TIGER-generated maps to an appropriate official in each local government. The local governments will have the opportunity to review these maps and return to the Census Bureau their corrections and updates, marked on those maps or in the form of digital files; the Census Bureau will incorporate these changes into the TIGER data base and the MAF.

Begin a program to develop cooperative partnerships with state, regional, and local governments to share digital geographic data and local address lists that will help keep the MAF and the TIGER data base up-to-date. These cooperative partnerships will reduce duplication of activities and costs for all participants. They will build on the Census Bureau's experiences in several pilot projects that developed mechanisms to share, in limited situations, digital geographic data. (The Census Bureau conducted several spatial data sharing pilot projects in conjunction with the Urban and Regional Information Systems Association, the National Association of Regional Councils, the National States Geographic Information Council, and several state, regional, and local agencies. The continued development of automated techniques for upgrading the positional accuracy of the TIGER data base and supporting the National Spatial Data Infrastructure respond directly to the complaints of local governments about the quality of the 1990 census maps, the limited general utility of the TIGER extract products for GIS applications, the Census Bureau's limited ability to perform automated matches with the digital spatial data files of others, and to the recommendations of the FGDC and the Mapping Science Committee established by the National Research Council of the National Academy of Sciences.) Partnerships with state, regional, and local governments have great potential value, especially in the vast areas of the United States where the USPS does not have geographically based delivery points -- such as the areas in which it delivers the mail using rural route numbers or post office boxes. Information from localities will supplement the information the Census Bureau obtains from the USPS, the USGS, and other Federal agencies, and will allow the localities to gain confidence in the accuracy of the MAF and the TIGER data base. As one component of these partnerships, the Census Bureau will inform the participating localities of any individual residential addresses on their lists that the Census Bureau questions for inclusion in the MAF and any individual streets in their files that the Census Bureau questions for inclusion in the TIGER data base.

Replace obsolete computer hardware. The Census Bureau purchased the computer hardware it currently uses to update the TIGER data base and to produce maps from it several years before the 1990 decennial census. This hardware has reached the end of its life cycle: it is no longer maintained by its manufacturers and it is not compatible with current open systems software standards of the future open systems software development goals of the Census Bureau.

To correct this situation, the Census Bureau will initiate the activities required to obtain replacement graphic workstations, map output devices, and related equipment in quantities sufficient to process MAF and TIGER data base updates and prepare maps for review by state and local government officials. All equipment will comply with the open systems standards in effect at the time.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Data processing systems
Subactivity: Data processing systems

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Data processing systems	Pos./BA	0	$5,042	0	$8,003	0	$8,258	0	$13,147	0	$4,889
	FTE/Obl.	0	8,853	0	8,189	0	8,258	0	13,147	0	$4,889
Total	Pos./BA	0	5,042	0	8,003	0	8,258	0	13,147	0	4,889
	FTE/Obl.	0	8,853	0	8,189	0	8,258	0	13,147	0	4,889
Adjustments for:											
Recoveries of prior year obligations			1,293								
Unobligated balance, start of year			(5,104)								
Unobligated balance, end of year			0								
Sequester											
Transfer to Salaries and Expenses			(64)								
Appropriation	Pos.	0	4,978	0	8,189	0	8,258	0	13,147	0	4,889

Exhibit 12

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Data processing systems
Subactivity: Data processing systems

Goal Statement

The goal of Data Processing Systems is to provide a computer environment which is efficient, responsive, and fully adequate for processing and generating economic and demographic statistics.

Objectives:

The objectives of Data Processing Systems are to provide total automated data processing (ADP) support and operational services for processing current and census programs; to provide effective planning and implementation of a comprehensive, long-range ADP acquisition program; and to increase productivity by providing computer (and related) tools to automate manual and other labor-intensive census operations.

Base Program

This program provides for the rental and/or purchase of equipment and other supporting activities related to the Census Bureau's general purpose computer facility. Detailed studies of workload and hardware/software requirements provide cost-effective alternatives, with decisions to lease or purchase specific equipment based on comparisons of costs and the expected usage periods.

The Census Bureau will continue to concentrate long-range planning activities on automated systems support to conduct and process the 1992 Agriculture/Economic Censuses and provide post-decennial processing for 1990 Decennial Census data analysis and tabulation. The needed ADP facilities and services will be acquired in accordance with Department of Commerce guidelines and the long-range ADP plan.

The FY 1995 base obligations request is $8,258,000. Descriptions of each activity, followed by specific FY 1995 Base Obligations changes to the FY 1994 Appropriation (Obligations) are as follows. (dollar amounts in thousands):

Site preparation/modification. This provides for continuing renovations and modifications to the physical areas housing the major computer systems and related ADP equipment.

There is no base change for FY 1995.

Printers. This provides for continuing maintenance expenses associated with both on-line and off-line printing subsystems and the replacement of obsolete laser and impact printing systems.

There is no base change in FY 1995.

Interactive terminals. This provides for continuing replacement of outmoded terminals and acquisition of intelligent end user workstations. These devices are integral components of the Census Bureau's overall plan to enhance the productivity of programmers and non-programmers. Coupled with "user-friendly" software, increased on-line data storage, and effective training, this equipment provides the primary tools and techniques necessary for efficient program development and automation of existing manual procedures.

There is no base change in FY 1995.

Distributed communications processors (DCP). This provides for continuing maintenance expenses associated with the communication front-end processor. This system allows us to balance the terminal communications among the three large-scale mainframes and expedite response time for all interactive terminal users.

There is no base change in FY 1995.

Field automation. This provides for continuing upgrades, acquisition, and maintenance expenses for equipment used to automate the survey collection process and general office support functions in the regional offices. These systems are designed to increase the efficiency of survey check-in, process control, cost and progress reporting, payroll, and other clerical type functions.

(+$50; 0 FTE). The base change provides for upgrade of existing network hardware, software upgrades, and diagnostic hardware for the local area networks in the regional offices.

Administrative automation. This provides continuing maintenance expenses for the minicomputers used to automate many of the manual office processes and procedures at headquarters. These systems incorporate capabilities such as stored logic with communications, data base management, data entry, general data processing, facsimile (electronic mail), and administrative support/record processing.

(+$72; 0 FTE). The FY 1995 base change provides for the purchase and maintenance of data base software used to develop office applications.

Data Preparation Division automation. This provides for continuing maintenance of production control and other automation-related systems at the Jeffersonville, Indiana processing facility. This equipment supports functions associated with automated processing, monitoring and flow control activities, as well as mail handling operations.

(+$46; 0 FTE). The FY 1995 base change provides for the replacement of aging hardware components for the local network used in the internal scheduling control and status reporting of production work.

Tape drives. This provides for continuing maintenance of tape drive subsystems. This equipment incorporates improvements in tape movement speeds and recording methodologies.

There is no base change in FY 1995.

Integrated statistical laboratory. This provides for continuing upgrades, maintenance and associated software expenses for a system which contains a network of workstations, terminals and microcomputers tied to a powerful computer server. Because of its exclusive dedication, it provides for both the high-speed interactive capability and the use of highly-sophisticated user-friendly software needed for effective and timely statistical analysis.

There is no base change for FY 1995.

Publication support system. This provides for continuing support and maintenance of a Census Bureau-wide system for the interactive preparation of publications, including a standardized computer-generated, quality graphics capability. This system automates all preliminary and final publication processes, allowing significant improvements in the overall timeliness of data releases.

There is no base change in FY 1995.

On-line data storage. This provides for continuing maintenance expenses of the Census Bureau's on-line storage systems. These disk subsystems reduce tape handling (and the associated human errors), provide an environment necessary to promote interactive processing by nonprogrammers, and decrease turnaround time for the testing and use of computer programs.

There is no base change in FY 1995.

Central ADP processing support. This provides for the continuing maintenance and support expenses for the local Mainframe Computer Facility, and the Remote Computer Center located at Charlotte Included in maintenance expenses are the mainframe, large interactive minicomputers, and peripheral equipment.

(-$124; 0 FTE). The FY 1995 base change reduces funding for support expenses for the computer facility in Charlotte, NC to support the high level interactive processing demands and operation in a "hot site" mode should a disaster occur during critical processing periods.

Exhibit 13

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
INCREASE FOR FY 1995
(Dollar amounts in thousands)

Activity: Data Processing Systems
Subactivity: Data Processing Systems

						Increase/(Decrease)			
		1995 Base		1995 Estimate		Other Changes		Program Increase	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Data Processing	Pos./BA	...	$8,258	...	$13,147	...	($211)	...	$5,100
Systems	FTE/Obl.	...	8,258	...	13,147	...	(211)	...	5,100

Mid-decade Modernization (0 permanent positions, 0 FTE, +$5,100) -- This initiative will provide the open computing support required by the Computer Assisted Survey Collection (CASIC) as it evolves into new survey and census processing methods and techniques. The quality, timeliness, and information value of census and survey data products currently is limited by inadequate interoperability among the various computing platforms and the inability of obsolete platforms to support modern software tools. Timely response to information requests is hindered by inefficient access to data bases and long development lead times when using outdated software tools. Significant portions of census and survey processing remain locked to a technically and economically obsolete proprietary mainframe environment. Essential mainframes, minicomputers and end-user devices (PCs and workstations) preclude effective re-engineering of mainframe-based application software architectures. End-user devices acquired during the 1980s are technically incapable of supporting current technology operating software environments.

Plan

The preferred solution is structured migration of an open system environment. We will replace obsolete end-user devices with Census Bureau standard devices, acquire low-cost systems for standard user service functions currently provided by the proprietary mainframe environment, license commercial software that operates across multi-vendor platforms and support user re-engineering of applications to take advantage of the open environment.

Benefits

Customer demands for more timely and comprehensive statistical products will be met due to reduced development time using modern software tools and also due to more efficient access to base data.

Training costs will be reduced because professional information technology staff no longer will need to be familiar with multiple diverse platforms.

Operating and maintenance costs will be reduced in out-years due to timely release of economically obsolete mainframes.

Plan (cont'd.)	Benefits (cont'd)
	Year 2000 Census application development can start early without concern for the compatibility of hardware platforms to be deployed to field sites.

The Mid-decade Modernization Project will identify and replace obsolete resources Bureauwide in an orderly fashion. This will enhance Census product delivery through application of state-of-the-art information technology while moving to an open seamless architecture.

This initiative will attempt to alleviate problems which are known to exist in our current computing environment:

- The mainframes are obsolete and expensive.
- We depend on local and/or proprietary software.
- Mission critical applications are on platforms without adequate support such as contingency plans and backup procedures.
- Critical service functions are supported only in the mainframe environment (backup, archiving, tape processing, and so forth).
- Many end-user devices (PCs) are increasingly obsolete.
- We have dissimilar end-user software environments.
- Various computing platforms are not interoperable.

Note: Other Changes column includes administrative savings, FTE savings, and offsetting collections from Census data sales.

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 15

Activity: Data processing systems
Subactivity: Data processing systems
Program Change: Mid-decade Modernization

Object Class		1995 Increase
11	Personnel compensation	
11.1	Full-time permanent	$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12.1	Civilian personnel Benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Consulting services	0
25.2	Other services	0
26	Supplies and materials	0
31	Equipment	5,100
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Direct obligations	5,100

Exhibit 16

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1993 Actual	1994 Currently Available	1995 Base	2/ 1995 Estimate	Increase/ (Decrease)
11	Personnel compensation					
11.1	Full-time permanent	$92,120	$65,107	$69,255	$71,326	$2,071
11.3	Other than full-time permanent	12,371	3,724	9,496	9,390	(106)
11.5	Other personnel compensation	2,410	800	630	616	(14)
11.8	Special personnel services payments	0	204	0	0	0
11.9	Total personnel compensation	106,901	69,835	79,381	81,332	1,951
12.1	Civilian personnel Benefits	30,823	14,218	15,862	16,465	603
13	Benefits for former personnel	478	1	0	0	0
21	Travel and transportation of persons	2,368	1,284	2,591	2,575	(16)
22	Transportation of things	330	210	111	109	(2)
23.1	Rental payments to GSA	7,799	6,373	7,747	8,108	361
23.2	Rental payments to others	1,204	127	228	223	(5)
23.3	Commun., util., misc. charges	11,459	3,528	4,371	4,339	(32)
24	Printing and reproduction	6,268	2,142	2,419	2,369	(50)
25.1	Consulting services 1/	2,162	7,427	1,528	1,476	(52)
25.2	Other services	15,309	4,109	20,062	20,614	552
25.3	Purchases of goods and services from Gov't Accts.	2,846	2,139	1,323	1,322	(1)
26	Supplies and materials	4,465	2,132	3,500	3,435	(65)
31	Equipment	8,656	6,963	12,361	19,403	7,042
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	41	0	0	0	0
42	Insurance claims and indemnities	55	0	2	2	0
43	Interest and dividends	14	0	0	0	0
44	Refunds	0	0	0	0	0
99	Subtotal, Direct Obligations	201,178	120,488	151,486	161,772	10,286
	Less prior year recoveries			(2,772)	(2,772)	
	TOTAL BUDGET AUTHORITY			148,714	159,000	10,286

1/ The 1993 Actual Object Class reflects the consulting services which was not included in the President's Appendix.

2/ The 1995 object class spread does not match the President's Appendix.

Exhibit 16

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Personnel Data	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease)
Full-Time equivalent Employment:					
Full-time permanent	2,291	1 779	1,636	1,689	53
Other than full-time permanent	440	.	526	526	0
Total	2,731	1,993	2,162	2,215	53
Authorized Positions:					
Full-time permanent	2,382	1,637	1,651	1,733	82
Other than full-time permanent	792	345	1,031	1,031	0
Total	3,174	1,982	2,682	2,764	82

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
DETAILED REQUIREMENTS BY OBJECT CLASS
(Direct Obligations in thousands)

Exhibit 17

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	0	0	0
	Senior executive service	$124	$1,059	$1,138	$79
	General schedule	4,560	67,470	69,355	1,885
	Commissioned officers	0	0	0	0
	Wage board/wage marine	87	721	828	107
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Examiners of patent appeals (P.L. 82-593, 98-622)	0	0	0	0
	Examiners of trademark appeals (P.L. 98-622)	0	0	0	0
	Senior foreign service	0	0	0	0
	Foreign service staff	0	0	0	0
	Foreign service nationals	0	0	0	0
	Consultants & experts	0	5	5	0
	Students	0	0	0	0
	Subtotal	4,771	69,255	71,326	2,071
11.3	Other than full-time permanent				
	General schedule	86	4,337	4,265	(72)
	Wage board	6	37	37	0
	Experts & consultants	0	18	18	0
	Hourly	258	5,104	5,070	(34)
	Subtotal	350	9,496	9,390	(106)
11.5	Other personnel compensation				
	Overtime	0	231	226	(5)
	SES performance awards	0	2	2	0
	Cash awards	0	312	305	(7)
	Merit pay awards	0	85	83	(2)
	Other	0	0	0	0
	Subtotal	0	630	616	(14)
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	5,121	79,381	81,332	1,951

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
DETAILED REQUIREMENTS BY OBJECT CLASS
(Direct Obligations in thousands)

Exhibit 17

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	($70)	$2,319	$2,278	0
	Federal employees' retirement	524	2,790	3,102	$312
	Thrift savings plan	225	787	846	59
	Federal insurance contribution act	335	2,945	3,095	150
	Health insurance	471	3,616	3,735	119
	Life insurance	1	109	113	4
	Employees' compensation fund	81	3,278	3,278	0
	Other	0	18	18	0
	Subtotal	1,567	15,862	16,465	603
13	Benefits for former personnel				
	Severance pay	0	0	0	0
	Unemployment compensation	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Common carrier	0	1,246	1,234	(12)
	Mileage	0	296	295	(1)
	Per diem/actual	36	975	974	(1)
	Vehicular	0	74	72	(2)
	Other	0	0	0	0
	[Overseas estimates]				
	Subtotal	36	2,591	2,575	(16)
22	Transportation of things	0	111	109	(2)
	[Overseas estimates]				
23.1	Rental payments to GSA	0	7,747	8,108	361
23.2	Rental payments to others	0	228	223	(5)
23.3	Communications, utilities and miscellaneous charges				
	Rental of ADP equipment	0	15	16	1
	Rental of office copying equipment	0	106	107	1
	Other equipment rental	0	63	67	4
	Federal telecommunications system	0	430	425	(5)
	Other telecommunications services	0	1,057	1,065	8
	Postal Service by USPS	0	2,083	2,055	(28)
	Other	0	617	604	(13)
	[Overseas estimates]	0			
	Subtotal	0	4,371	4,339	(32)

Exhibit 17

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
DETAILED REQUIREMENTS BY OBJECT CLASS
(Direct Obligations in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
24	Printing and reproduction				
	Publications	$24	$886	$855	($31)
	Public use forms	1	47	45	(2)
	Envelopes	0	13	14	1
	Other	18	1,473	1,455	(18)
	[Payments to GA, WCF]				
	[Overseas estimates]				
	Subtotal	43	2,419	2,369	(50)
25.1	Consulting services				
	Management & professional support services	0	183	177	(6)
	Studies, analyses, & evaluation	0	1085	1048	(37)
	Engineering & technical services	0	260	251	(9)
	[Overseas estimates]				
	Subtotal	0	1528	1476	(52)
25.2	Other services				
	Training:	0	987	1,053	66
	University	0	25	24	(1)
	Other	0	962	1,029	67
	Maintenance of equipment	0	5,025	4,805	(220)
	GSA reimbursable services	0	563	615	52
	ADP services	0	0	0	0
	Telecommunications services	0	0	0	0
	Other non-government contracts	0	1,838	1,788	(50)
	Other	0	11,649	12,353	704
	[Overseas estimates]				
	Subtotal	0	20,062	20,614	552
25.3	Purchases of goods and services from Government Accounts	0	1,323	1,322	(1)
26	Supplies and materials				
	Office supplies	9	438	432	(6)
	ADP supplies	26	1,618	1,579	(39)
	Other	44	1,444	1,424	(20)
	[Overseas estimates]				
	Subtotal	79	3,500	3,435	(65)

Exhibit 17

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
DETAILED REQUIREMENTS BY OBJECT CLASS
(Direct Obligations in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
31	Equipment				
	Office machines and equipment	0	$490	$504	$14
	ADP hardware	0	10,129	12,924	2,795
	ADP software	0	266	1,821	1,555
	Other	0	1,476	4,154	2,678
	[Overseas estimates]				
	Subtotal	0	12,361	19,403	7,042
32	Lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities	0	2	2	0
43	Interest and dividends	0	0	0	0
44	Refunds	0	0	0	0
99	Total Obligations	6,846	151,486	161,772	10,286
	Less prior year recoveries	0	(2,772)	(2,772)	
	TOTAL OBLIGATIONS	6,846	148,714	159,000	10,286

NOTE: The increase column includes the administrative savings and FTE savings. The 1995 object class spread does not match the President's Appendix.

Exhibit 18

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
ACTIVITY/SUBACTIVITY CHANGE CROSSWALK
Part I - 1995 Structure
(Dollar amounts in thousands)

Activity/Subactivity	1995 Direct Obligations	Proposed Changes
Economic Statistics Programs	45,362	"No change"
Economic censuses	29,664	"No change"
Census of governments	2,515	"No change"
Census of agriculture	13,183	"No change"
Demographic Statistics Programs	54,306	
Intercensal demographic estimates	5,745	"No change"
Decennial census	0	"No change"
2000 Decennial census	48,561	"No change"
Sample Redesign	6,441	"No change"
CASIC	7,409	Create new Activity/Subactivity
Geographic Support	35,107	"No change"
Data Processing Systems	13,147	"No change"
Total requirements	161,772	

Exhibit 19

Department of Commerce
Bureau of the Census
Periodic Censuses and Programs
ACTIVITY/SUBACTIVITY CHANGE CROSSWALK
Part 2 - 1995 Structure
(Dollar amounts in thousands)

Activity/Subactivity	Amounts 1991	 1992	 1993	 1994	 1995
Economic Statistics Programs	$30,889	$45,445	$82,561	$60,535	$45,362
Economic censuses	17,683	27,455	49,067	37,594	29,664
Census of governments	1,968	4,326	3,201	2,896	2,515
Census of agriculture	11,238	13,664	30,293	20,045	13,183
Demographic Statistics Programs	257,346	95,391	75,252	14,654	54,306
Intercensal demographic estimates	3,685	3,661	3,604	6,044	5,745
1990 Decennial census	252,216	82,289	57,896	488	0
Decennial census	1,445	9,441	13,752	8,122	48,561
Sample Redesign	4,584	7,275	21,485	13,096	6,441
CASIC	0	0	0	0	7,409
Geographic Support	6,654	9,311	13,027	24,014	35,107
Data Processing Systems	20,621	19,538	8,853	8,189	13,147
Total direct obligations	320,094	176,960	201,178	120,488	161,772

Exhibit 33

Department of Commerce
Bureau of the Census

Periodic Censuses and Programs
Appropriation Language and Code Citations:

1. For expenses necessary to collect and publish ststistics for periodic censuses and programs provided for by law,

13 U.S.C. 4, 6, 12, 131, 141, 142, 161, 181, 191; 15 U.S.C. 1516;
42 U.S.C. 1973 aa-5; PL 101-624, Sect. 2392

13 U.S.C. 4 authorizes the Secretary to "perform the functions and duties imposed upon him by this title" or he may delegate any of them "to such officers and employees of the Department of Commerce as he may designate."

13 U.S.C. 6 provides that "The Secretary...may call upon any other ... establishment of the Federal Government...for information pertinent to the work provided for in this title." This section also provides that "The Secretary may acquire, by purchase or otherwise, from Ststes, counties, cities, or other units of government,..., or from private persons and agencies such copies of records, reports, and other material as may be required for the efficient and economical conduct of the censuses and surveys provided for in this title."

13 U.S.C. 12 provides that "The Secretary is authorized to have conducted mechanical and electronic development work as he determines is needed to further the functions and duties of carrying out the purposes of this title and may enter into such developmental contracts as he mey determine to be in the best interest of the Government.

13 U.S.C. 131 provides that "The Secretary shall take, compile, and publish censuses of manufactures, of mineral industries, and of other businesses, including the distributive trades, service establishments, and transportation (exclusive of means of trsnsportation for which statistics are required by law to be filled with, and are compiled and published by a designated regulatory body), in the year 1964, then in the year 1968, and every fifth year thereafter, and each such census shall relate to the year immediately preceding the taking thereof."

13 U.S.C. 141 provides that "The Secretary shall, in the year 1980 and every 10 years thereafter, take a decennial census of population as of the first day of April of such year, which date shall be known as the decennial census date, in such form and content as he may determine, including the use of sampling procedures and special surveys."

13 U.S.C. 142 provides that "The Secretary shall in 1979, in 1983, and every fifth year beginning after 1983, take a census of agriculture."

13 U.S.C. 161 provides that "The Secretary shall take, compile and publish for the year 1957 and for every fifth year thereafter a census of governments."

13 U.S.C. 181 provides that "The Secretary...shall annually produce and publish for each State, county and local unit of general purpose government which has a population of fifty thousand or more, current data on total population and population characteristics and, to the extent feasible, shall biennially produce and publish for other local units of general purpose government current data on total population."

13 U.S.C. 191 provides that "Each of the censuses authorized by this chapter shall include each State, the District of Columbia, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and the Commonwealth of Puerto Rico, and as may be determined by the Secretary, such other possessions and areas over which the United States exercises jurisdiction, control or sovereignty."

15 U.S.C. 1516 provides that "The Secretary of Commerce shall have control of the work of gathering and distributing statistical information naturally relating to the subjects confided to his department... He shall also have the authority to call upon other departments of the Government for statistical data and results obtained by them; and he may collate, arrange, and publish such statistical information so obtained in such manner as to him may seem wise."

PL 101-624, Sect. 2392 provides that "The Secretary of Commerce shall include questions relating to agricultural accidents and farm safety in the 1992 Census of Agriculture."

42 U.S.C. 1973 aa-5 directs that "The Director of the Census...conduct a survey to compile registration and voting statistics: (i) in every State or political subdivision with respect to which the prohibitions of section 1973b(a) of (42 U.S.C.) are in effect, for every statewide general election for Members of the United States House of Representatives after January 1, 1974; and (ii) in every State or political subdivision for any election designated by the United States Commission on Civil Rights."

2. $159,000,000 to remain available until expended:

No Specific Authority

This phrase provides for extended obligation authority which would be restricted to the current fiscal year by 31 U.S.C. 1301.

Exhibit 34

Department of Commerce
Bureau of the Census

Periodic Censuses and Programs
CONSULTING AND RELATED SERVICES
(Obligations in thousands)

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Management and professional support svcs.	$151	$719	$134
Studies, analysis and evaluations	623	3,957	628
Engineering and technical services	1,388	2,751	714
Management and support services for research and development	0	0	
TOTAL	2,162	7,427	1,476

The principal uses of advisory and assistance services in the periodic censuses and programs appropriation are a wide variety of assistance with respect to the data and methodology of the the decennial census.

Department of Commerce
Bureau of the Census
Salaries and Expenses
SUMMARY OF REIMBURSABLE OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 6

Comparison by subactivity with subtotals by subactivity		1993 Actual Personnel	1993 Actual Amount	1994 Currently Available Personnel	1994 Currently Available Amount	1995 Base Personnel	1995 Base Amount	1995 Estimate Personnel	1995 Estimate Amount	Increase/ (Decrease) over 1995 Base Personnel	Increase/ (Decrease) over 1995 Base Amount
Current surveys and statistics											
Current economic statistics	Position	7	$1,473	6	$355	14	$806	14	$806	0	0
	FTE	26		8		19		19			
Current demographic statistics	Position	24	23,182	25	26,158	25	26,480	25	26,480	0	0
	FTE	523		555		562		562			
Not specified	Position	1,407	100,608	2,297	127,487	1,568	113,714	1,568	113,714	0	0
	FTE	2,221		2,981		2,292		2,292		0	
Total Federal Funds	Position	1,438	125,263	2,328	154,000	1,607	141,000	1,607	141,000	0	0
	FTE	2,770		3,544		2,873		2,873			
Non-Federal Sources	Position	125	9,381	130	12,000	128	13,000	128	13,000	0	0
	FTE	148		200		207		207			
TOTAL	Position	1,563	134,644	2,458	166,000	1,735	154,000	1,735	154,000	0	0
	FTE	2,918		3,744		3,080		3,080			

Department of Commerce
Bureau of the Census
Summary of Reimbursable Obligations
(Dollar amounts in thousands)

Exhibit 6
(Detail)

	FY 1993 Actual	FY 1994 Currently Available	FY 1995 Estimate
FEDERAL AGENCIES			
Agency for International Development	$6,308	$7,334	$6,426
Department of Agriculture	575	688	1,378
Department of Commerce	1,677	1,645	696
Department of Defense	1,367	1,400	1,541
Department of Education	7,440	13,221	8,845
Department of Energy	410	557	802
Department of Health and Human Services	18,666	26,777	23,594
Department of Housing and Urban Development	16,824	13,960	18,138
Department of Justice	12,664	11,174	16,193
Department of Labor	45,315	58,060	44,605
Department of Transportation	2,533	2,781	2,474
Department of Treasury	46	21	21
National Science Foundation	3,825	6,126	5,398
Department of Veterans Affairs	241	243	243
Other Federal agencies	6,749	9,213	10,176
Miscellaneous reimbursable services	623	800	2,000
Subtotal	125,263	154,000	142,530
Personnel Savings	...	...	(1,530)
Subtotal Federal	125,263	154,000	141,000
NON-FEDERAL (Special Statistical Work)	9,381	12,000	11,000
Data Sales/Fee Proposal	...	...	2,000
TOTAL	134,644	166,000	154,000

Department of Commerce
Bureau of the Census
Summary of Reimbursable Obligations
(Dollar amounts in thousands)

Exhibit 6

Reimbursements Received From:	FY 1993 Actual	FY 1994 Currently Available	FY 1995 Estimate
FEDERAL AGENCIES BY PROJECT:			
Agency for International Development	6,308	7,334	6,426
Department of Agriculture	575	688	1,378
Special Agricultural Workers	50	0	0
Food Consumption Survey	235	200	1,330
CFFR Enhancement	46	48	48
Other Tabulations & Surveys	244	440	0
Department of Commerce	1,677	1,645	696
Bus & Health Services	17	28	24
MBOC Program	97	100	100
CFFR Enhancement	30	48	48
NOAA Computer Support	917	1,190	0
Security Services - NOAA	166	150	167
Foreign Direct Investment Link	198	103	304
Other Tabulations & Surveys	252	26	53
Department of Defense	1,367	1,400	1,541
Urban/Rural Population	130	140	140
Population Industry Data of Foreign Countries (plotted on maps)	966	692	749
Foreign Waterborne Commerce	111	448	499
Health Services	16	20	14
Other Tabulations & Surveys	144	100	139

Department of Commerce
Bureau of the Census
Summary of Reimbursable Obligations
(Dollar amounts in thousands)

Exhibit 6

Reimbursements Received From:	FY 1993 Actual	FY 1994 Currently Available	FY 1995 Estimate
FEDERAL AGENCIES BY PROJECT (CONTINUED):			
Department of Education	7,440	13,221	8,845
Private Schools Survey	290	1,175	0
National School & Staffing Survey/Research	2,190	6,937	2,478
IPEDS	2,278	3,740	4,048
Map Project	803	710	700
Teacher Followup	229	159	1,012
Other Tabulations & Surveys	1,650	500	607
Department of Energy	410	557	802
Manufacturer Energy Consumption	148	360	624
CFFR Enhancement	26	26	26
DOE Database - Industrial Data	146	150	130
FT Tapes/Hardcopy	6	8	7
Other Tabulations & Surveys	84	13	15
Department of Health & Human Services	18,666	26,777	23,594
Health Interview Survey - Demographic & Health Data from Sample Households	9,263	12,991	15,066
National Hospital Discharge Survey	902	1,065	995
National Ambulatory Medical Care Survey	1,205	1,006	1,103
Tobacco Use	885	26	0
National Death Index - Statistical Correlations --Socioeconomic Variables	615	677	0
Teenage Attitudes and Practices	850	40	0
Nat'l Home and Hospice	983	365	870
National Mortality Followback	509	4,051	1,555
Other Tabulations & Surveys	3,454	6,556	4,005
Department of Housing & Urban Development	16,824	13,960	18,138
American Housing Survey - National	7,161	5,325	6,038
Housing Sales Survey	1,473	355	806
American Housing Survey - Metropolitan	6,887	7,389	9,479
Other Tabulations & Surveys	1,303	891	1,815

Department of Commerce
Bureau of the Census
Summary of Reimbursable Obligations
(Dollar amounts in thousands)

Exhibit 6

Reimbursements Received From:	FY 1993 Actual	FY 1994 Currently Available	FY 1995 Estimate
FEDERAL AGENCIES BY PROJECT (CONTINUED):			
Department of Justice	12,664	11,174	16,193
Children in Custody	211	35	319
National Crime Survey	9,432	9,552	10,950
National Prisoner Statistics Program	805	853	1,025
Parole & Probation	92	0	0
Judicial Statistics	154	25	100
Other Tabulations & Surveys	1,970	709	3,799
Department of Labor	45,315	58,060	44,605
Consumer Expenditure Survey	11,378	12,176	12,752
Point of Purchase Survey	1,837	2,146	2,295
National Longitudinal Survey - Measuring Work Experience of Age & Sex by Group	1,524	1,448	1,645
Labor Force Data	23,182	26,158	26,480
Current Population Survey Research	6,014	3,165	0
Monthly Labor Survey	0	10,300	0
Other Tabulations & Surveys	1,380	2,667	1,433
Department of Transportation	2,533	2,781	2,474
CFFR Enhancement	48	48	48
Vessel Data Tapes	88	50	210
Commodity Flow Study	1,829	1,825	1,633
Other Tabulations & Surveys	568	858	583
Department of Treasury	46	21	21
Other Tabulations & surveys	46	21	21
National Science Foundation	3,825	6,126	5,398
Survey of College Graduates	3,271	5,800	0
Research & Development	498	295	5,041
Other Tabulations & Surveys	56	31	357

Department of Commerce
Bureau of the Census
Summary of Reimbursable Obligations
(Dollar amounts in thousands)

Exhibit 6

	FY 1993 Actual	FY 1994 Currently Available	FY 1995 Estimate
Department of Veterans Affairs	241	243	243
CFFR Enhancement	46	48	48
Veterans Data	195	195	195
Other Tabulations & Surveys	0	0	0
Other Federal agencies	6,749	9,213	10,176
Miscellaneous reimbursable services	623	800	2,000
Sub Total	125,263	154,000	142,530
Personnel Savings	...	...	(1,530)
FEDERAL REIMBURSABLES	125,263	154,000	141,000
NON-FEDERAL			
State & Local Governments -- Special Censuses	416	623	291
Private Sector Organizations & Industries	5,974	7,015	8,863
Tapes, Miscellaneous Data Products & Fixed Fee Services	3,738	4,053	4,135
Data Sales/Fee Proposal	0	0	2,000
Special Compilations	1,701	2,536	2,022
Age & Citizenship Research	535	426	706
Foreign Governments:			
Foreign Consultations -- Statistics & Data Processing	2,366	2,400	2,229
Saudi Arabia	2,366	2,400	2,229
Foreign Training	625	1,962	1,617
NON-FEDERAL	9,381	12,000	13,000
TOTAL	134,644	166,000	154,000

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM AND PERFORMANCE: REIMBURSABLE OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 11

Activity: Current surveys and statistics
Subactivity: Current economic statistics

Line Item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Construction statistics	Pos./BA	7	$403	6	$355	14	$806	14	$806	0	0
	FTE/Oblig.	26	1,473	8		19		19		0	
TOTAL	Pos./BA	7	403	6	355	14	806	14	806	0	0
	FTE/Oblig.	26	1,473	8		19		19		0	

Exhibit 11

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM AND PERFORMANCE; REIMBURSABLE OBLIGATIONS
(Dollar amounts in thousands)

Activity: Current surveys and statistics
Subactivity: Current demographic statistics

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease)	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Household surveys	Pos./BA	24	$24,622	25	$26,158	25	$26,480	25	$26,480	0	0
	FTE/Oblig.	523	23,182	555		562		562		0	
Total	Pos./BA	24	24,622	25	26,158	25	26,480	25	26,480	0	0
	FTE/Oblig.	523	23,182	555		562		562		0	

Department of Commerce
Bureau of the Census
Salaries and Expenses
PROGRAM AND PERFORMANCE: REIMBURSABLE OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 11

Activity: Not specified
Subactivity: Not specified

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Not specified	Pos./BA	1,407	$125,975	2,297	$127,487	1,607	$113,714	1,607	$113,714	0	0
	FTE/Oblig.	2,221	109,989	2,981		2,341		2,341		0	
Total	Pos./BA	1,407	125,975	2,297	127,487	1,607	113,714	1,607	113,714	0	0
	FTE/Oblig.	2,221	109,989	2,981		2,341		2,341		0	

Department of Commerce
Bureau of the Census
Salaries and Expenses
Summary of Reimbursable Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Exhibit 12

The Bureau of the Census undertakes work for other governmental agencies when it is more appropriate or efficient to have the work performed by the Census Bureau. Significant work includes collection of labor force and consumer expenditure data for the Bureau of Labor Statistics, national education and health program data for the Department of Education and the Department of Health and Human Services, and annual housing data for the Department of Housing and Urban Development.

Four of the largest surveys performed by the Census Bureau on a reimbursable basis are the Current Population Survey, the American Housing Survey, the National Crime Survey and the National Health Interview Survey. The Current Population Survey (CPS) sponsored jointly by the Bureau of Labor Statistics and the Bureau of the Census provides monthly estimates of the labor force. Supplements of the CPS cover ;many subjects such as family income, school enrollment, and tobacco use, and are sponsored by many Federal agencies. The American Housing Survey sponsored by HUD includes a national survey done every two years and metropolitan area surveys that collect data for about ten different areas every year. The National Crime Survey sponsored by the Bureau of Justice Statistics collects statistics on crime victimization. The National Health Interview Survey sponsored by the National Center for Health Statistics (HHS) collects information on the health of the U.S. population.

Exhibit 35

Department of Commerce
Bureau of the Census

PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS
(Obligations in thousands)

	FY 1992 Actual	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Periodicals	$ 182	$ 152	$ 152	$ 152
Pamphlets	2,607	5,215	2,580	2,580
Audiovisuals	82	73	75	77
TOTAL	$2,871	$5,440	$2,807	$2,809

Periodicals: Included in these figures are production and printing of *Census and You, Monthly Product Announcement, Bureau of the Census Catalog, and Statistical Abstract of the United States.*

Pamphlets: This category includes production and printing of all statistical publications other than periodicals, comprising monthly, quarterly, annual, and irregular statistical reports. Production of 1990 Decennial Census reports was completed in FY 1993. Production of 1992 Economic, Agriculture, and Governments Census reports began in FY 1994.

Audiovisuals: This category includes both in-house and contracted costs for producing artwork and photographic slides and transparencies for presentations.

Exhibit 36

Department of Commerce
Bureau of the Census

AVERAGE GRADE AND SALARY

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Direct:			
Average ES Grade	3.3	3.3	3.3
Average GS/GM Grade	7.82	7.82	7.82
Average GS/GM Salary	$27,192	$28,342	$28,795

OPENING STATEMENT

Mr. MOLLOHAN. Testifying on behalf of the Census Bureau is the Acting Director, Harry A. Scarr.

Mr. SCARR. Scarr, that is right, Mr. Mollohan.

Mr. MOLLOHAN. We welcome you again, and as you know, your written statement will be made a part of the record, and you may proceed with your oral statement.

Mr. SCARR. Thank you, Mr. Chairman. Accompanying me is Mr. Joe Bellomo, who is the budget officer for the Census Bureau.

Thank you, Mr. Chairman, and Members of the Committee. I appreciate the opportunity to present and explain the 1995 budget of the Census Bureau.

The total budget request, as you noted, is $306,385,000, an increase of $68,099,000 from the 1994 appropriation.

Our request for current statistical programs, the salaries and expenses appropriation, is $147,385,000, an increase of $19,099,000 over 1994. This includes program initiatives of $8,644,000 for business statistics, construction statistics, manufacturing statistics, and general economic statistics. The new program initiatives are offset by an initiative to increase the revenues from data sales by $2 million. Adjustments to base total $14,480,000.

The request for the periodic censuses and programs appropriation is $159 million, which is $49 million more than the 1994 appropriation. This budget request includes program initiatives for $12,509,000 for computer-assisted survey information collection, and mid-decade modernization of data processing systems. The budget request includes recoveries of prior year obligations of $2,772,000.

We have reduced our budget request by $1,561,000 to implement the Executive Order on deficit control and productivity improvement, and by $2,687,000 to implement the Executive Order on reduction of 100,000 Federal positions.

Before I describe our fiscal year 1995 budget request, let me briefly summarize the report on the status of the year 2000 decennial planning efforts, which was requested by the House and Senate Appropriations Conference Committee as part of its report on the fiscal year 1994 appropriations bill. I would like to submit a complete copy of this report for the record of this hearing.

Early research and development activities for the 2000 census have identified fundamental reforms that offer promise for addressing the two largest problems of recent censuses: Persistent differential undercount, especially for minority groups and certain geographic areas, and spiraling costs.

The planning efforts for the 2000 census are on schedule, and, I believe, are one concrete demonstration that a critical and open review of program objectives can reinvent the way the Federal Government responds to the needs of its customers.

Our openness to new ideas has been aided by the role that the Secretary of Commerce and the Office of Management and Budget have played and will continue to play in the 2000 planning process. The technical, policy and advisory committees of the Census Design Task Force and the methods and requirements panels of the Committee on National Statistics, one of whose panels was encouraged by this committee, are significant examples of sources of cogent advice the Census Bureau continues to receive.

Early attention by the OMB, the Commerce Department, and other Federal agencies, has led to new possibilities for meeting data needs. For example, Census Bureau researchers have developed a proposal for an ongoing continuous measurement system, involving a large-scale survey as a means for potentially collecting the long form data traditionally collected in the census.

The 1995 census test. In fiscal year 1995, we will be testing fundamental census reforms in New Haven, Connecticut; Paterson, New Jersey; Oakland, California; and six parishes in northwestern Louisiana. The parishes in Louisiana are Bienville, DeSoto, Jackson, Natchitoches, Red River and Winn. The purpose of the 1995 test is to provide information that will contribute substantially to the final decision about the 2000 census design which must be made by December 1995.

We are testing fundamental reforms directed toward improving the accuracy of the census. These reforms include innovative enumeration methods—for example, having local telephone numbers for specialized language assistance—targeted at historically undercounted populations and geographic areas; the use of statistical techniques and administrative records to estimate the number and types of persons missed in the census while the census is still being conducted; using Spanish language questionnaires in areas with large concentrations of Spanish-speaking households; new procedures for counting the homeless where they obtain services, such as shelters and health and food service facilities; changing the way we ask people to list the residents at their addresses so that we will be better able to include the kinds of persons who have been missed in the past; making questionnaires more widely available than they have been in the past; and real-time automated matching to improve census coverage.

Reducing census costs. We are also testing fundamental reforms designed primarily to reduce costs. These reforms include, increasing U.S. Postal Service involvement in the census; examples of increased involvement include having the Postal Service help distribute unaddressed questionnaires, and updating address lists; involving State, local and tribal governments, and other organizations and interest groups, in the census; working with the U.S. Postal Service to identify vacant and nonexisting housing units; eliminating the long form, and spreading its questions across multiple shorter forms; using a respondent-friendly questionnaire and new mailing strategies, such as multiple mailing to households to increase mail response; converting written responses directly to computer readable form with Data Capture System 2000, a digital system we are developing; improved technologies to speed collection and processing of census data; contacting only a sample of housing units from which a questionnaire has not been returned.

Mr. MOLLOHAN. Mr. Scarr, may I be rude enough to interrupt you. You are reading your statement, aren't you? And it is a 12 page statement and you are on page 4 or 5.

Mr. SCARR. Let me briefly touch on the highlights of the statement.

Mr. MOLLOHAN. I want to assure you, it will be made a part of the record.

Mr. SCARR. Let me briefly touch on some of the highlights, Mr. Chairman.

In terms of improving economic statistics, we will have improved and expanded service statistics, a $3.8 million program. We will improve construction statistics with a $1.3 million program. In terms of the data infrastructure, we have asked for three initiatives totaling $14.9 million to improve that infrastructure. Our CASIC, computer-assisted survey information and collection system, we are asking for $7.4 million.

I would like to mention, Mr. Chairman, that last week the Vice President presented one of his Hammer Awards to the Census Bureau in an awards ceremony in the Department in recognition of the contribution of the CASIC system to the Bureau, for the work done by the Census Bureau for which results in the unemployment figure, and we are very pleased about that. The bureau received the Hammer Award for the work on implementing the computer-assisted survey information and collection system.

We are also asking for $5.1 million for Mid-decade computer modernization, and we are asking for $2.4 million to restructure the SIC system. We have a new program initiative for improved environmental statistics for which we are asking $1.1 million.

Finally, Mr. Chairman, I would like to bring to your attention three additional matters that we were basically asked to comment upon.

Bureau reorganization. We have a proposed reorganization with the Bureau of the Census that will lay the groundwork for reengineering the way we conduct business to increase the accuracy and timeliness of our products. It is largely an upper managerial reorganization. Prior year obligations, we are very aware of the importance of the timely identification and liquidation of no longer needed obligations.

We volunteered to be a pilot for the Commerce Department's new financial management system. Commerce is leading the effort and has been leading the effort to develop a new financial management system for the last two years. The chief financial officer of the department, and the Department of Commerce, supports our participation in that as a pilot. The Government Accounting Office, we believe, supports Census being a pilot for the new system. When the system is implemented, the Commerce team will basically help the bureau put it in place.

We think that this is an extraordinarily important activity in order to be sure that by the 2000 census we don't have the same antiquated financial accounting system in place that will result in the same sorts of things that have been happening recently with our current system in the last couple fiscal years.

In fiscal year 1994, we began a cooperative project with the U.S. Postal Service to enhance the power of TIGER and create a master address file.

Mr. Chairman, we entered into an agreement with the Postal Service that we have briefed the Committee staff on indicating new avenues of cooperation with the Postal Service for the year 2000 census. That was largely initiated at the behest of this subcommittee.

Finally, the bureau is committed to gathering high-quality statistics and to delivering our data on a timely basis in friendly formats to our customers.

This concludes my prepared statement which, as you indicated, will be entered into the record. The first part read; the second part highlights.

Mr. MOLLOHAN. Thank you, Mr. Scarr. Both will be given equal consideration.

[The prepared statement of Mr. Scarr follows:]

PREPARED STATEMENT ON BUREAU OF THE CENSUS
HARRY A. SCARR
ACTING DIRECTOR
BUREAU OF THE CENSUS
UNITED STATES DEPARTMENT OF COMMERCE

Before the Subcommittee on

Commerce, Justice, and State,
the Judiciary, and Related Agencies

Committee on Appropriations

House of Representatives

April 13, 1994

Thank you, Mr. Chairman, and members of the Committee. I appreciate the opportunity to present and explain the 1995 budget of the Bureau of the Census.

PROGRAM HIGHLIGHTS

The total 1995 budget request is $306,385,000, an increase of $68,099,000 from 1994 appropriations.

Our request for current statistical programs -- the Salaries and Expenses (S&E) appropriation -- is $147,385,000, an increase of $19,099,000 over 1994. This includes program initiatives of $8,644,000 for business statistics, construction statistics, manufacturing statistics, and general economic statistics. The new program initiatives are offset by an initiative to increase the revenues from data sales by $2,000,000. Adjustments to base total $14,480,000.

The request for the Periodic Censuses and Programs (PC&P) Appropriation is $159,000,000, which is $49,000,000 more than the 1994 appropriation. This budget request includes program initiatives for $12,509,000 for Computer-Assisted Survey Information Collection (CASIC) and Mid-Decade Modernization of Data Processing Systems. The budget request includes recoveries of prior year obligations of $2,772,000.

We have reduced our budget request by $1,561,000 to implement the Executive Order on Deficit Control and Productivity Improvement, and by $2,687,000 to implement the Executive Order on Reduction of 100,000 Federal positions.

2000 DECENNIAL CENSUS

Before I describe our FY 1995 budget request, let me summarize the Report on the Status of the Year 2000 Decennial Planning Efforts, which was requested by the House and Senate Appropriations conference committee as part of its report on the FY 1994 appropriations bill. I would like to submit a complete copy of this report for the record of this hearing.

Early research and development activities for the 2000 census have identified fundamental reforms that offer promise for addressing the two largest problems of recent censuses --

persistent differential undercount, especially for minority groups and certain geographic areas, and spiraling costs.

The planning efforts for the 2000 census are on schedule, and, I believe, are one concrete demonstration that a critical and open review of program objectives can reinvent the way the Federal Government responds to the needs of its customers.

Our openness to new ideas has been aided by the role that the Secretary of Commerce and the Office of Management and Budget have played, and will continue to play in the 2000 planning process. The Technical, Policy, and Advisory Committees of the Census Design Task Force, and the methods and requirements panels of the Committee on National Statistics are significant examples of sources of cogent advice the Census Bureau continues to receive.

Early attention by the OMB, the Commerce Department, and other Federal agencies has led to exciting new possibilities for meeting data needs. For example, Census Bureau researchers have developed a proposal for an ongoing continuous measurement system, involving a large-scale survey as a means for collecting the "long form" data traditionally collected in the census.

1995 CENSUS TEST

In FY 1995, we will be testing fundamental census reforms in New Haven, Connecticut; Paterson, New Jersey; Oakland, California; and six parishes in northwestern Louisiana. The purpose of the 1995 test is to provide information that will contribute substantially to the final decision about the 2000 census design by December 1995.

We are testing fundamental reforms directed toward improving the accuracy of the census. These reforms include:

- Innovative enumeration methods -- for example, having local telephone numbers for specialized language assistance -- targeted at historically undercounted populations and geographic areas.

- Use of statistical techniques and administrative records to estimate the number and types of persons missed in the census while the census is still being conducted;

- Using Spanish language questionnaires in areas with large concentrations of Spanish-speaking households.

- New procedures for counting the homeless where they obtain services, such as shelters, and health and food service facilities.

- Changing the way we ask people to list the residents at their addresses, so that we will be better able to include the kinds of persons who have been missed in the past.

- Making questionnaires more widely available than they have been in the past.

- Real-time automated matching to improve census coverage.

REDUCING CENSUS COSTS

We are also testing fundamental reforms designed primarily to reduce costs. These reforms include:

- Increasing U.S. Postal Service involvement in the census. Examples of increased involvement include having the Postal Service help distribute unaddressed questionnaires, and updating address lists.

- Involving state, local, and tribal governments, and other organizations and interest groups in taking the census.

- Working with the U.S. Postal Service to identify vacant and nonexistent housing units.
- Eliminating the long form, and spreading its questions across multiple shorter forms.
- Using a respondent-friendly questionnaire and new mailing strategies, such as multiple mailing to households, to increase mail response.
- Converting written responses directly to computer readable form with Data Capture System 2000.
- Improved technologies to speed collection and processing of census data.
- Contacting only a sample of housing units from which a questionnaire is not returned.

In conclusion, as we research, test, and plan for the 2000 census, we are attempting to strike a fair balance between the three principal stakeholders in the census process: the people of our Nation, who provide the information; the users of the data generated by the census, who include government officials in the executive and legislative branches of Federal, state, and local governments, the business community, and academicians, all of whom depend on the data; and taxpayers, who pay for the census.

IMPROVE ECONOMIC STATISTICS

The Bureau is proposing two new program initiatives totalling $5.1 million in an attempt to alleviate the most pressing inadequacies of the current economic statistical information system.

The first initiative, Improved and Expanded Service Statistics ($3.8 million) provides new and more timely data on the complex domestic service sector. Improved economic measures must include the activities of industries experiencing dynamic growth and change when they first occur, not as a revision based on late secondary information.

The components of this request are:

- Annual collection of data on services purchased by manufacturerers, to provide information on an important and growing component of services, and to provide the Bureau of Economic Analysis with vital information for the input-output accounts.

- Collection of quarterly profits data for the service sector, data that are essential to the calculation of the Gross Domestic Product (GDP); and

- Expansion of annual service survey coverage to include additional transportation industries, and provide detailed annual measures of industry output and expenditures for business, recreation, and health services industries, data that are critical for improving measures of GDP, input-output accounts, productivity, and prices.

The second initiative, Improvement of Construction Statistics ($1.3 million) is designed to improve coverage of non-residential reconstruction; to develop, test, and implement a survey to collect nonresidential building price information; and to conduct research and development on new techniques and methods to measure construction at manufacturing and industrial sites.

DATA INFRASTRUCTURE

In order to maintain the Bureau's ability to conduct the statistical work required by our customers, we are proposing three initiatives, totalling $14.9 million to improve our data infrastructure. Historically, many of the surveys and censuses at the Census Bureau have been conducted with pencil and paper questionnaires, which then must be processed and tabulated. This labor intensive process causes difficulties in accuracy, completeness, and timeliness. Our initiative for Computer-Assisted Survey Information and Collection (CASIC) ($7.4 million) will maximize the use of automation and telecommunications to integrate the collection, capture, and processing of data. This integration will reduce collection costs; enhance data quality, provide more complete and timely management information; and increase the timeliness and cost efficiency of processing operations. The CASIC program will automate labor-intensive processes in both our demographic and economic statistics program areas.

The value of census and survey data products are currently limited by inadequate interoperability among the Bureau's mainframe, mini, workstation, and desk-top computing platforms, and by the inability of the obsolete platforms to support modern software tools. An initiative for Mid-decade [Computer] Modernization ($5.1 million) will provide open, non-proprietary computer environments incorporating standards that enable common methods of accessing data and moving information from computers to customers. The Bureau will provide the open computing support required by CASIC as it evolves new survey and census processing methods and techniques.

The basic structure of the Standard Industrial Classification (SIC) system has remained unchanged since it was developed in the

1930s. Since then, the U.S. economy has moved from a manufacturing based economy to one dominated by the service sector and international activity. Data based on the current structure of the SIC no longer measure accurately the structure of this dynamic, global economy. An initiative to Restructure the SIC System ($2.4 million) will develop a restructured industry classification system and create a commodity classification system for the United States.

ENVIRONMENTAL ASSESSMENT

The Bureau has a new program initiative for Improved Environmental Statistics ($1.1 million). Regulations addressing environmental protection are affecting the levels and patterns of business spending on pollution abatement and prevention. Data collection must expand to help Government and industry assess the impact of environmental regulations on the competitiveness of U.S. businesses. This initiative will add the collection of operating cost data to pollution abatement capital expenditures, and expand the coverage to additional nonmanufacturing industries, to cover such pollution abatement activities as medical waste disposal and private trash disposal operations.

Finally, Mr. Chairman, let me bring to your attention three additional matters.

BUREAU REORGANIZATION

The proposed reorganization of the Bureau of the Census will lay the groundwork for reengineering the way we conduct business to increase the accuracy and timeliness of our statistical products. The new structure will assure better control of the implementation of overall agency priorities by reducting the span of control of major managers. The proposed reorganization will have no effect on our budget or resources.

RECOVERIES OF PRIOR YEAR OBLIGATIONS

Census management is very aware of the importance of the timely identification and liquidation of no longer needed obligations, and of accurately reporting these to the Congress. Census has nearly completed the deliberate clean-up work begun in 1992. The General Accounting Office is now reviewing the Census work in this area, and we are confident that we will receive GAO's favorable endorsement of our clean-up effort.

COOPERATIVE PROJECT WITH U.S. POSTAL SERVICE

In FY 1994, we began a cooperative project with the U.S. Postal Service to enhance the power of TIGER and create a Master Address File; this project will continue in FY 1995, and will benefit not only the 2000 decennial census, but also the other geographic programs of the Bureau. We have successfully completed the first phase in our pilot test of address information sharing with the Postal Service, and are expanding our cooperative venture. In its performance of pilot test activities, the Postal Service has exceeded the Bureau's already high expectations of it as a cooperative partner.

CONCLUSION

Today, many Government, business, and household decisions depend on quality information provided by our Federal statistical agencies. The Census Bureau is committed to gathering high quality statistics, and to delivering the data, on a timely basis, in friendly formats to our customers. We are particularly proud of the progress we have made in providing data to our customers on CD-ROM, and, lately, via Internet. Still, gaps exist in the information we provide. At the Census Bureau, our aim is to meet these new needs while preserving and enhancing ongoing core programs. We appreciate the support we received from the Congress in the FY 1994 Budget, and hope that your support continues.

This concludes my prepared statement. I will be pleased to answer any questions you may have.

Thank you, Mr. Chairman.

BUREAU REORGANIZATION

Mr. MOLLOHAN. You testified on the reorganization plan in your highlights, and we are very pleased to see that you are going to, as I understand, submit to the Committee that reorganization plan.

Mr. SCARR. Oh, yes. That is correct.

Mr. MOLLOHAN. What time frame can we expect to receive that?

Mr. SCARR. I would imagine within a matter of days. It is basically under review in the general counsel's office in the Department of Commerce and will be forthcoming shortly thereafter.

Mr. MOLLOHAN. What are the premises that compel you to undertake this reorganization?

Mr. SCARR. Well, one thing we wanted to do was lay the groundwork to reengineer the way the census conducts its business, to increase the accuracy and timeliness of its products. We want to assure better control of the implementation of overall agency priorities, priorities of the kind that ask us to shape up our financial management system.

We want to establish a Chief Financial Officer post—which has been recommended by the Inspector General—at the agency and give that post sufficient resources and authority to deal with the Bureau's chronic problem of adequate financial accounting, which I have just described briefly.

We want to establish an Associate Director for Planning and Organization Development, a recommendation that is made by the Inspector General. The Bureau has small planning shops scattered about the agency, but we have no central driving planning shop, and I think the Bureau could use it, and it will assist us in being a more effective agency.

Mr. MOLLOHAN. Do you see efficiencies and savings coming out of this process?

Mr. SCARR. We conceive of this as a two-step process. This reorganization is initially cost-neutral. Eventually, there will be efficiencies coming out of new ways that we will be collecting and processing information based on the CASIC initiative, based on the mid-decade computer modernization that we have. And this reorganization will put us in a position to bring those about.

We are collecting some parts of the organization that have similar functions under senior management officials, and then the next step will be a very detailed reengineering process.

Mr. MOLLOHAN. Have you discussed this reorganization proposal with the authorizing committees?

Mr. SCARR. We have discussed it briefly with staff of the authorizing committees, and we recently made a presentation of the proposal with those committees. We plan to submit formally to those committees the reorganization as well.

Mr. MOLLOHAN. Have you gotten any initial reaction from them on that proposal?

Mr. SCARR. There are questions about the placement of some portions of the Bureau. My impression is there is generally a recognition that creating a Chief Financial Officer and regularizing the administrative part of the Bureau and giving it some strength is a useful thing to do. Given the criticisms that have occurred in the programmatic area, it is sort of a different sort of thing.

What we want to do is to create a senior post that will ensure that programs with comparable problems that reach comparable solutions don't duplicate one another.

GEOGRAPHIC SUPPORT/MASTER ADDRESS FILE

Mr. MOLLOHAN. Okay. You are proposing to continue the development of the master address file——

Mr. SCARR. That is correct.

Mr. MOLLOHAN [continuing]. In cooperation with the Postal Service?

Mr. SCARR. That is correct.

Mr. MOLLOHAN. And you are asking for $35.1 million in fiscal year 1995, is that correct?

Mr. SCARR. Could I ask——

Mr. BELLOMO. The total amount for the whole program, sir, is $35 million, but the program increase related to what you ask is $12 million.

Mr. MOLLOHAN. Well, what I asked was what are you contributing to this effort in fiscal year 1994?

Mr. BELLOMO. Oh, I am sorry, $6 million.

Mr. MOLLOHAN. That wasn't really what I asked, but thank you. What I asked was, is the cost of $35.1 million in fiscal year 1995 what you are asking?

Mr. BELLOMO. That is correct. That is the total request for the geographic activity, but it is in two parts. One is an increase of $12 million to merge the master address file with the TIGER geographic database, so it is a base increase.

Mr. MOLLOHAN. Does the Postal Service make any contribution to this at all?

Mr. SCARR. No.

Mr. BELLOMO. They are using their resources, however, in terms of the working arrangements that we have.

Mr. MOLLOHAN. What kind of resources?

Mr. SCARR. I don't know the amount of resources that the Postal Service is contributing in terms of their budget terms, but we can try and find that out for you, Mr. Chairman.

[The information follows:]

GEOGRAPHIC SUPPORT/MASTER ADDRESS FILE

The memorandum of understanding that lays out the terms and conditions under which the Census Bureau and the U.S. Postal Service (USPS) are cooperating specifies that each agency will fund its own share of the partnership without reimbursement from the other. As a result, I'm afraid I don't know the dollar amount of the USPS' efforts.

Nevertheless, the important thing to bear in mind is that each agency is contributing work and information that it is uniquely qualified to produce without duplicating work the other is performing. Both organizations agree that the value they receive in return for their information is commensurate with the effort they are expending.

Mr. MOLLOHAN. Is there any direct benefit to the Postal Service in this process?

Mr. BELLOMO. The idea, if I may, of the whole project—and maybe you will get a sense of what we are talking about—in the last census, we had an address control file and on that were a list of addresses and that is what we used to mail the forms. If we didn't have your address, you didn't get a form. That was a problem. We know that.

Part of the problem is that once every 10 years we try to gather an address list by buying it from sources and matching and finding out all of these kinds of things. We had some local review at the local level of all of those lists.

What we would like to do is create a master address list for the entire Nation and have it reviewed by the Postal Service constantly and by local officials so that people can give us input to whether or not these addresses are correct.

The idea of this program is to merge this list with our geographic database that we already had for 1990 so that the addresses fall on the maps, I'm just being kind of literal, but they match the maps, so the postmen and our enumerators can identify whether or not those addresses really are there and how accurate the maps and the addresses are overall.

The idea is to do it now instead of trying to do it two years before the census at the last minute and overcome the great difficulty that we had in getting forms out to the people.

LEGISLATIVE AMENDMENTS REGARDING THE POSTAL SERVICE

Mr. MOLLOHAN. Do you perceive any legal problems regarding the cooperation with the Postal Service?

Mr. SCARR. Both the Census Bureau and the Postal Service are exploring what modifications might be necessary to Title 13 in our case and Title 39 in their case, and we are pretty close to having joint recommended legislation to be able to bring this about. But we are exploring that. There are some issues in connection with data confidentiality.

Mr. MOLLOHAN. You do have to legislate necessary changes?

Mr. SCARR. Yes, at the moment I think we do.

Now, for the 1995 test, Mr. Chairman, we are going to use basically the procedure of swearing in some postal employees in order to develop master address file lists for the particular sites that we are using in order to be able to test the methodology, but that is probably not a satisfactory solution in the long run.

Mr. MOLLOHAN. Mr. Rogers?

Mr. ROGERS. Well, as a matter of fact, Mr. Chairman, the effort between the Postal Service and the Census Bureau was a mandate of this subcommittee.

Mr. SCARR. That is correct.

Mr. ROGERS. Because we were so frustrated with the, I think, inept results of the Census of 1990 and the numbers of people that I heard from—that we all heard from—that were never contacted or never answered. This resulted in disasters for a lot of people, communities, and States because of the inaccurate data coming out of the census. So I am delighted that we are getting some progress.

COOPERATION WITH THE POSTAL SERVICE

Tell us how you are coming along with that now, with your cooperation with the Postal Service. What all have you achieved with them and what is left?

Mr. SCARR. Well, in response to your concern, in particular, we did establish a working group. The working group reported to this committee, and the joint finding was good news and bad news from the standpoint of the Committee, I think.

The joint finding was that letter carriers are probably not appropriate to do the entire census collection effort. However, there is value in using postal personnel in some areas to identify locations of houses. There is value in using postal personnel to eliminate a step in terms of identifying vacant housing units. The post offices can be a source for blank census forms, since in 1995 we will be exploring other modes of basically getting the forms to the Postal Service.

We have expanded the pilot project on the master address files, as I have just indicated, to the 1995 test to be sure that we make use of them there, and I think we must always remember that the census, unless it is an administrative records alternative, which is impossible for the year 2000, is always going to be a mail-out, mail-back census. So the Postal Service is vital to the work we do, and that is where we are.

We are continuing to work with them, Mr. Rogers. In addition to this first cut, we have increased contact with them on numerous matters, and we have, we think, established an enhanced relationship with the Postal Service.

Mr. ROGERS. But you are still going to rely upon the old method of hiring 400,000 or 500,000 unemployed people to temporarily go out and——

Mr. SCARR. Well, one of the problems with hiring postal workers, which was brought out by them, was that if we have to pay U.S. P.S. pay rates that would substantially increase the cost of the census. We are concerned about the effect of regular mail delivery, as was the Postal Service, and there was some concern about undermining the system if we actually use postal workers as enumerators in a formal way.

Mr. ROGERS. We can continue to explore how to follow up on the unreturned mail responses.

1995 CENSUS TEST QUESTIONNAIRE

Now, the questionnaire itself. You are going to experiment in 1995, as I understand it, with a short form of just 17 questions, right?

Mr. SCARR. Okay. Let me explain the 1995 census test questionnaire.

First, recall that these are 1990 questions. These are not necessarily the questions that are going to be asked in 2000.

Upon the advice of our National Academy of Sciences—I always forget which panel it is, the Schultze panel—they are independent—we are going to have a short form which has seven questions, and then we are going to have three additional forms, each of which is longer. We are going to explore matrix sampling, where the possibility exists where no one would get a long, long form.

There will be a short form with seven questions; a short long form with 15 questions, including those seven; a medium long form with 34 questions, including the prior 15; and the final form is one that was specifically recommended by the Schultze panel, which is to basically duplicate the situation of the long form in the 1990 census in order to sort of see what a conventional census result looks like compared to matrix sampling.

Mr. MORAN [presiding]. We have a—well, just a few minutes on this vote and then three successive five-minute votes, so it is not likely that we could get back here.

Mr. ROGERS. I could submit my questions for the record.

Mr. MORAN. Do you want to do that?

Mr. ROGERS. Okay. Sure.

BOWIE SUPERCOMPUTER

Mr. MORAN. Okay. Fine. Will you answer in compelling fashion exactly why you have to have a supercomputer in Bowie, Maryland, rather than where your office is or somewhere elsewhere it might be more efficiently located? You have one in Charlotte, North Carolina, right?

Mr. SCARR. We have computer facilities in North Carolina. There is no money in this budget for any kind of a supercomputer.

Once we have assessed, which we are doing, our computing needs for the 2000 census—and we have consultants helping us with that—we would then be sure that any such requests came before the Congress before we would make any such purchase. I mean, those would be funds that either would be reprogrammed or would be a new request.

And I would be happy to address the matter of the potential for a site in Bowie, Maryland.

Mr. MORAN. I am not suggesting you put it there. I just want you to explain what you plan to do.

Mr. SCARR. Okay.

Mr. MORAN. And why.

[The information follows:]

BOWIE SUPERCOMPUTER

The Bowie computer facility is being constructed by the General Services Administration (GSA). The Bureau has an interest in working closely with the University of Maryland to enhance our information technology research and development. While the Bureau is in the process of developing information to document the advantages of relocating the Bureau's principal data processing operations to Bowie and establishing some sort of collaborative research arrangement with the University of Maryland, the Bureau has not yet received approval from the Department of Commerce for either of these steps.

The Suitland campus is not a cost effective renovation option. Expansion of the Charlotte facility, which is leased, would preclude the beneficial relationship with the University of Maryland.

The Bureau's entire headquarters Information Technology staff and key customers reside in the Washington Metropolitan area. Even though communications to remote sites are quite powerful, management oversight would be complicated and risky if our sole processing facility were outside this area.

1990 CENSUS

Mr. MORAN. I have another question about the 1990 census. We had some disagreements with your predecessor—and particularly your predecessor's boss—over the 1990 census, and I want to get on the record what improvements you are making to ensure we don't have the same kinds of problems in the future, particularly where it affects high-growth areas in a negative way, particularly growth areas with a lot of new immigrants coming in. But we don't have time to have that answer on the record orally, so if you would submit it for the record.

You alluded to—you answered it to some extent in your response to earlier questions. So we will put this into the record as well, and we will let you get home early this afternoon.

[The information follows:]

REPORT TO CONGRESS ON THE STATUS OF THE YEAR 2000 DECENNIAL CENSUS PLANNING EFFORTS

INTRODUCTION AND EXECUTIVE SUMMARY

This document responds to the request from the House and Senate Appropriations conference committee in its report on the 1994 appropriation for Year 2000 Decennial Census planning. The specific concerns of the conference committee are listed below, along with brief summaries of our response to each concern.

- **Increased Role of the Secretary of Commerce and Office of Management and Budget (OMB) in Planning for the Year 2000 Decennial Census**--Section I describes how the Department of Commerce and the OMB have played, and will continue to play, a much larger role in planning this census than they have for any previous census.

- **Improving Accuracy**--Section II documents fundamental reforms identified through the research program that can address one of the major problems of recent censuses--inaccurate results due to undercounts, especially for minority groups and certain geographic areas. While the conference report did not list this concern, the initial House appropriation report did, and it has been a major concern of the Congress for many years.

- **Reducing Cost**--Section III documents how early research and development activities for the 2000 decennial census have identified fundamental reforms that offer great promise for addressing the other major problem of recent censuses--spiraling costs.

- **Scope of Census Content**--The conference report requested detailed information about:

  - The active role of the Secretary of Commerce and OMB in ensuring Federal, state, and local data requirements are considered in the planning effort.

  - Consideration of absolute data requirements of Federal departments and agencies in the planning effort.

  - Consideration of data needs of state and local governments in the planning effort.

  - Reimbursement for data collection by Federal departments and agencies for a portion of the costs of planning for and conducting the 2000 decennial census.

Section IV describes how early attention by the OMB, the Department of Commerce, and other Federal agencies has been instrumental in clarifying the appropriate role of the decennial census in meeting their data needs. Exploring other ways to meet these needs has produced exciting new proposals that can simplify the decennial census effort.

- **Status of Year 2000 Decennial Census Planning Efforts**–Section V describes the key activities and accomplishments to date, along with objectives for the planned 1995 census field tests. A summary of the fundamental changes being proposed for testing in 1995 is shown in Table 1 on the next page.
- **Proposals for Legislative Changes Necessary to Address the Concerns of Congress**–Section VI describes those new ideas that may require legal changes and for which, as appropriate, legislative initiatives will be proposed.
- **Progress Being Made to Promote Cooperative Efforts with the U.S. Postal Service (USPS) Including Efforts to Simplify and Lower Costs of the Next Decennial Census**–Section VII describes how joint census planning efforts with the USPS were formally established in 1990, and how significant progress has been made on several fronts. Of particular note are efforts to share address and geographic information that will meet critical needs of both agencies, including the Census Bureau's effort to create and maintain a nationwide master address file.

In addition to meeting the overarching objectives of reducing the differential undercount and census costs, the research and development program has also identified a number of ways to simplify the public's participation in the census. These include the use of a redesigned questionnaire that will be easier for people to complete; offering easier access to paper questionnaires and providing the opportunity to respond by telephone; and reducing the length of a typical questionnaire. More details about these efforts are discussed in appropriate sections of this report.

Table 1: FUNDAMENTAL CHANGES AND THE 1995 CENSUS TEST

TITLE	PROPOSED FUNDAMENTAL CHANGE FROM 1990	MAJOR GOAL	
		REDUCING COST	REDUCING DIFFERENTIAL UNDERCOUNT
The Use of Sampling and Integrated Coverage Measurement to Reduce the Differential Undercount	To use advanced sampling and estimation procedures to reduce the differential undercount.		x
The Use of Sampling of Nonrespondents to Reduce Census Costs	To use advanced sampling and estimation procedures to reduce the cost of collecting information for nonrespondents.	x	
Coverage Questions for Complete Listing of Household Members	To use innovative approaches to ensure persons are included on census forms.		x
Making Census Questionnaires Widely Available	To ensure that persons who do not receive a questionnaire in the mail have census questionnaires available to them at convenient locations.		x
Real-Time Automated Matching to Improve Census Coverage	To provide the technological capability necessary for using advanced, special, direct counting methodologies.		x
Targeted Methods to Count Historically Undercounted Populations and Geographic Areas	To use counting methodologies that are appropriate for specific populations or areas of interest.		x
Mailout of Spanish Language Questionnaires	To initially mail a Spanish language or bilingual questionnaire to households in areas that have high concentrations of Spanish-speaking households.	x	x
Counting Persons With No Usual Residence	To use a direct counting method for homeless persons that utilizes the places where they obtained services.		x
Respondent-Friendly Questionnaire Design and Implementation Methods	To use an easy-to-fill-out questionnaire with multiple mail contacts.	x	
Automation of Data Collection	To use advanced technologies to contact persons or to allow them to contact us.	x	
Using the Postal Service to Identify Vacant and Nonexistent Housing Units	To use first-class postal returns to alert us to vacant housing units or mistakes on our address list and to count and correct them early.	x	
Data Capture System for the 2000 Decennial Census (DCS 2000) Using Electronic Imaging	To provide the technological capability necessary for using innovative data collection methodologies and processing systems.	x	
Cooperative Ventures	To use the resources of other Federal agencies, state and local governments, and private and nonprofit organizations in partnership in taking the census.	x	x
Collecting Sample Data Using Multiple Sample Forms	To use different questions on a number of forms to collect "long form" data.	x	

I. INCREASED ROLE OF THE SECRETARY OF COMMERCE AND THE OFFICE OF MANAGEMENT AND BUDGET IN PLANNING FOR THE YEAR 2000 DECENNIAL CENSUS

In November 1990, the Secretary of Commerce established the "Task Force for Designing the Year 2000 Census and Census Related Activities for 2000-2009." The purpose of the Task Force is to study fundamental changes to the methodologies that have been common to decennial census designs for the past three decennial censuses. With the support of OMB and the Congress, funding was approved beginning in 1991 for unprecedented early planning for the next census and the decade beyond.

The Task Force is composed of three committees:

- The Technical Committee is responsible for identifying key research questions, formulating testing objectives, and evaluating research findings. Committee members include Department of Commerce officials, Census Bureau management, and senior technical staff from three other statistical agencies.

- The Policy Committee is responsible for the review of design alternatives from the standpoint of concerns about their direct, or indirect, effects on society at large, as manifested through agencies of the Federal Government. Members are officials from Executive Branch departments and agencies, including the OMB.

- The Advisory Committee serves as a vehicle to identify and communicate to the Secretary of Commerce the concerns of non-Federal and nongovernment stakeholders in the design of the census. Members are representatives of various organizations, particularly those with concerns about census accuracy and data for small areas. The committee also includes, as ex officio members, a representative from the U.S. Postal Service and staff from the House and Senate authorizing committees.

By January 1995, each of these committees will make final recommendations about the 2000 decennial census design to the Secretary of Commerce.

In addition to the Task Force, there are two National Academy of Sciences panels to advise the Secretary of Commerce on options for the 2000 decennial census and the decade beyond. The first of these panels was established by the Census Bureau to provide independent review of the technical and operational feasibility of design alternatives and tests as they are developed by the Technical Committee and conducted by the Census Bureau. This panel, called the "Panel to Evaluate Alternative Census Methods," issued its interim report, "A

Census That Mirrors America," in September 1993 and is scheduled to issue its final report by the fall of 1994.

The second National Academy of Sciences Panel deals with "Census Requirements for the Year 2000 and Beyond" and is independently examining the appropriate role of the decennial census within the Federal statistical system. This panel was established at the direction of our House Appropriations Subcommittee. The panel issued an interim report, "Planning the Decennial Census," in May 1993 and is scheduled to issue its final report by November 1994. The interim reports from both panels have been provided to the Secretary, to OMB, and to the Congress.

Additional efforts by the Secretary and the OMB relate to their statutory and regulatory duties regarding the questions to be asked in the decennial census. Their efforts on this front are described in Section IV below.

II. IMPROVING ACCURACY, PARTICULARLY FOR MINORITY GROUPS AND CERTAIN GEOGRAPHIC AREAS

The 1990 decennial census invested heavily in intensive methods to count the population. Counting methods have exhausted their potential for enumerating our diverse population. They are expensive and only marginally effective in counting persons who live in nontraditional situations, have literacy or language problems, are highly mobile, or for whom traditional methods do not work for any number of reasons. Therefore, there is little potential for reducing the differential undercount and containing census costs solely using traditional counting methods alone. The interim report of the National Academy of Sciences Panel to Evaluate Alternative Census Methods recommends that the dual objective of reducing the differential undercount and containing costs requires use of sampling and statistical estimation.

Planning for the 2000 decennial census must take advantage of other methods, in combination with such counting techniques, to decrease the differential undercount. In 1990, the main way we measured the undercount was the Post-Enumeration Survey (PES). In the PES, we interviewed an independent sample of the population, and used the results to estimate the number and characteristics of persons missing from the census. Issues of timing, operational complexity, and estimation methods prohibited using these results for adjusting the census counts. However, we believe that these deficiencies in the PES can be addressed, and that we can employ different and improved statistical procedures to reduce the differential undercount.

Compared to using counting methods alone, applying statistical methods requires careful implementation of special procedures to improve the results of a census. Statistical methods require complex technical calculations and assumptions that will undoubtedly be controversial, even among statisticians. Since statistical methods apply to only a sample of the population, reallocating efforts and funds from the counting portion of the census to statistical activities could, in fact, reduce the overall cost of the decennial census while at the same time reducing the differential undercount.

Statistical methods cannot make a bad count good; they can only make a good count better. We still must have a census where all persons have the opportunity to be counted. Therefore, we have been researching ways to improve participation overall and to facilitate the participation of undercounted groups. We have also identified ineffective counting-based methods and procedures to learn how to improve or eliminate them. This allows resources to be saved or reallocated to the development of statistical methods that will improve census coverage.

Use of Sampling and Integrated Coverage Measurement to Reduce Differential Undercounts

First and foremost, we are committed to using an integrated coverage measurement methodology to produce a census that reduces the differential undercount. To this end, the Census Bureau is investigating a new way of taking the Decennial Census of Population and Housing. The motivation is that the Census Bureau has measured an undercount in the past six censuses. For example, the Census Bureau estimates that the 1990 census population count was 1.6 percent too low overall, and the count for Blacks was 4.4 percent too low. Although there have been steady successful improvements in counting methods since 1940, the percentage error in the count for Blacks has remained approximately 3 to 4 percent greater than for the country as a whole. As counting gets more complex with the increasing diversity and mobility of the population, the effectiveness of additional improvements in counting is approaching diminishing returns. Also, counting has become increasingly expensive as the Census Bureau makes additional attempts to contact households, and as the cost of our temporary labor force rises.

We will use statistical techniques, administrative records, and the like to estimate the number and types of persons missed in the census while the census is being conducted. We will use statistical estimates to account for the missed persons, so that the combined (integrated) results will be available by the legally mandated deadlines.

We are currently doing research to determine what method or methods will be used to produce these estimates. The integrated coverage measurement proposal currently under consideration was developed as a hybrid of three basic methodologies; we called these the PES, CensusPlus, and SuperCensus. Considerations of these proposals identified particular strengths and weaknesses of each. These considerations also identified a methodology that could incorporate the best features of each.

The integrated coverage measurement process is based on viewing the census coverage problem as consisting of two basic components--persons missed due to missing a whole housing unit, and persons (possibly whole households) missed within enumerated housing units. The first component will be measured using an independent listing of housing units before the census in a sample of census blocks. The second component will be measured using an intensive independent interview followed by a dependent reconciliation. The results of the two interview processes will then be combined in an estimation stage to produce final estimates of the correct population.

The use of administrative records is also being considered for this process. Administrative records may be obtained and matched to the census enumerations before the independent coverage measurement interview. Persons from the administrative record files who are not matched to a census enumeration will be enumerated in the reconciliation phase of the interview process.

Coverage Questions for Complete Listing of Household Members

We will change the way we ask people to list the residents at their address, so that they are better able to include persons who may have been missed in the past due to error or tenuous attachment to the household. We are currently engaged in an extensive program of research that will be used to modify the 1995 Census Test questionnaire.

Making Census Questionnaires Widely Available

In past decennial censuses, we have avoided allowing uncontrolled distribution of census questionnaires because of the need to ensure a one-to-one correspondence between questionnaires and our address control list. While this ensured operational efficiencies in the census, it may have had detrimental impacts on coverage and most certainly damaged the credibility of the census. For the 2000 decennial census--with a tryout in the 1995 Census Test--we plan to place questionnaires in accessible locations (post offices, convenience stores, local community gathering places, and the like) so that households or individuals may pick them up, complete them, and return them conveniently. This will make the census simpler for respondents. While we are concerned about the duplication this could cause, development of real-time automated matching to improve census coverage (see the next paragraph) will support this coverage-oriented activity and is essential to our commitment to count all who want to be counted.

Real-Time Automated Matching to Improve Census Coverage

In past censuses, there have been a number of cases in which we had to check addresses or persons against our control and data files. The process to do this matching, for the purposes of unduplicating or adding people to the census, was partially automated with a large clerical component. In order to support the new census design proposed for the 1995 Census Test, these capabilities must be greatly expanded. We will develop, to the extent possible, an automated, interactive, and real-time record linkage and matching system. It will support several new design features: integrated coverage measurement; making questionnaires widely available; special methods, such as checking against administrative records; data collection by telephone; and other activities that improve the coverage of the census.

Targeted Methods to Count Historically Undercounted Populations and Geographic Areas

Based on extensive ongoing research, we will be able to: (1) identify areas where barriers to enumeration exist--such as unusual housing situations, mobile populations, or linguistically isolated groups; and (2) use innovative enumeration methods targeted at these specific conditions.

Mailout of Spanish Language Questionnaires

Mailing Spanish language questionnaires has the potential to improve the response rates, corresponding coverage, and overall data quality in areas with large concentrations of Spanish-speaking households. While we have made Spanish questionnaires available in the past, they have never before been sent during the initial mailout. We are currently conducting a test to determine if, in fact, there are benefits to such a mailing. We are also comparing the effectiveness of a bilingual questionnaire versus sending separate Spanish and English questionnaires. The results will be used to determine whether, and how, to use this mailing in the 1995 Census Test. Further research will also be done to ensure the subject matter concepts are appropriately translated into Spanish.

Counting Persons With No Usual Residence

Specifically, we propose to forego the "S-Night" procedures of the 1990 census, particularly the procedures to count components of the homeless population on the street at night. Instead we will use procedures that concentrate on counting these groups where they obtain services such as in shelters, and health and food service facilities. This type of change has been suggested by many experts and the details will be developed in consultation with those knowledgeable about this population.

III. REDUCING COST

The cost of conducting the decennial census has increased dramatically in the past few decades. The Census Bureau is firmly committed to studying fundamental changes to past census procedures for which an overriding goal is reducing the cost of future censuses. To support this effort we have designed and built highly complex automated cost models to investigate census design alternatives and operational improvements to ensure a cost effective census. These models utilize thousands of equations to depict the census and its operational interrelationships.

Based on our research to date we have identified several major changes in census operations and processes that are expected to yield significant cost savings:

Use of Sampling of Nonrespondents to Reduce Census Costs

At the conclusion of our initial attempt at getting completed census questionnaires—mostly via mail—from all households, we are planning to sample the addresses for which we do not have responses. Sampling for nonresponse follow-up has many advantages: (1) it decreases the workload for the most costly component of the 1990 census, nonresponse follow-up; (2) it requires fewer enumerators and/or less time, which will yield higher caliber employees and better data quality; and (3) it allows more time and resources for employing coverage measurement methods that can be used to produce the single set of census results called for in a "one-number" census (a procedure that incorporates results from counting, assignment, and estimation methods in the official population totals).

The Census Bureau has developed a proposal for testing sampling for nonresponse follow-up in the 1995 Census Test. This test will implement both a housing unit sample and a block sample in each site to produce estimates of nonrespondents. The sampling rate in each site will be about 30 percent of the total nonresponse universe.

The development of this proposal initially gave consideration to testing some combination of truncation and sampling for nonresponse follow-up. Truncation refers to stopping all census activities after some portion of nonresponse follow-up has been completed. Sampling could then be used to obtain estimates for the balance of the nonresponse universe, or estimates could be derived from the coverage measurement process.

Testing a combination of truncation and sampling offered no clear advantages over testing sampling alone for the 1995 Census Test. A test of sampling will permit the development of parameters that can be used for future design work without introducing unnecessary control problems into the 1995 Census Test. This decision for the 1995 Census Test does not rule out a future use of truncation for nonresponse follow-up.

Two basic sampling strategies were considered for the 1995 Census Test—sampling of housing units without regard to some geographic clustering, or sampling census blocks and conducting nonresponse follow-up for all housing units in the selected blocks. The housing unit design offered lower levels of uncertainty, less reliance on models, and potentially a higher degree of acceptability because there would be some sample in almost every block. The block design offered more compatibility with the coverage measurement process, the potential for more cost savings, and the potential for better control of field operations. We need more information to decide between these two options, so we will test and evaluate both of them in the 1995 Census Test.

Respondent Friendly Questionnaire Design and Implementation Methods

Our research has focused on ways to increase the willingness and ability of householders to respond to the census by using: (1) questionnaire design and mailing package formats that are much easier for respondents to understand and complete; and (2) notifications for alerting and reminding respondents to complete the forms. Over the last two years, we have experimented with many design and implementation strategies that proved to increase the mail response substantially. Before conducting these tests, Washington State University staff, at the request of the Census Bureau, conducted six focus groups on improving questionnaire design to enhance the public's response to the census. By using these new procedures, we will make the census simpler for respondents, save the cost of enumerator visits to a significant number of nonrespondents, and improve data quality by assuring that a larger number of answers are collected close to Census Day.

In Section IV we discuss the promising results of two experiments to test alternative formats for decennial census questionnaires. To research mail implementation strategies, that is, multiple-contacts with respondents to encourage response, we conducted the Implementation Test (IT). Results from this research indicate that multiple mailings do improve response rates. We also conducted an experiment to investigate how different motivational messages may improve response. In this experiment, the Appeals and Long-Form Experiment (also conducted to assess the effect of applying questionnaire simplification principles to longer forms), we learned that mail response rates for the short form can be dramatically improved by using a mandatory message, "Your Response Is Required By Law," on the outgoing envelope.

Automation of Data Collection

We have identified and begun testing improved technologies to speed collection and processing of census data and to give householders greater flexibility in how they can respond so it is simpler for them to respond to the census. Research to measure the public's preference for various response mechanisms has been conducted, and we are assessing publicly available response technologies as well as current and emerging data capture technologies.

Using the U.S. Postal Service (USPS) to Identify Vacant and Nonexistent Housing Units

In the census, the misclassification of occupied housing as vacant can cause significant coverage deficiencies. To reduce the misclassification of units, the Census Bureau traditionally conducted at least two checks by different census enumerators to verify the vacancy status. We are working with the USPS to eliminate one of these visits by using information supplied by local letter carriers who cannot deliver a census questionnaire because a housing unit is vacant. Besides eliminating a costly second visit, we believe this activity will yield more accurate data because the initial determination by the letter carrier and subsequent follow-up by a census enumerator to all units classified as vacant are conducted closer to Census Day. This activity is also described in Section VII.

Data Capture System for the 2000 Decennial Census (DCS 2000) Using Electronic Imaging

In past censuses, we have used a multiphase data capture system that required photographing census questionnaires, film processing, and computer translation in order to convert written responses to computer-readable form. With the development of DCS 2000, we will be able to convert written responses directly to computer-readable form. This provides major opportunities for streamlining census processing operations. Also, it gives us a means for incorporating Optical Character Recognition–having machines read handwritten numbers and letters–into the processing system. Systems designed using DCS 2000 have the potential to greatly reduce the cost of the 2000 decennial census and improve both data quality and timing.

Cooperative Ventures

Over the next several months, we will seek ways to involve state, local, and tribal governments; and other organizations and interest groups in taking the census. A major goal of these initiatives will be to explore the potential of using administrative records and other existing information to reduce cost and improve the quality of the census. Additionally, we are looking at numerous ways to increase USPS involvement in the census. Cooperative efforts with the USPS are described in Section VII.

IV. THE SCOPE OF CENSUS CONTENT

The content determination process is used to select the questions to be asked on the decennial census forms, and is a major responsibility of the Census Bureau. The authority for this effort is delegated to the Census Bureau from the Secretary of Commerce, who in turn receives this authority from the Congress (Title 13, United States Code). In addition, under the Paperwork Reduction Act and as part of its role in coordinating statistical efforts across all executive agencies, the Office of Management and Budget (OMB) has major responsibility for this same effort. As in previous decades, the Census Bureau and the OMB will manage this process over the next several years to ensure accurate identification of important Federal data needs. Further, this process will be carried out in conjunction with efforts to make fundamental changes in the role and scope of the decennial census.

There is little debate that the decennial census should collect basic data about the population—those data needed to ensure equity in apportionment and redistricting. Throughout history and throughout the world, censuses have also been used to collect additional information that allows a nation to profile itself and to provide a single, unique source of comparative small area economic and social characteristics of persons and their housing units. A major issue that has arisen in the current quest for fundamental census reform is the effect that collecting these additional data has on the coverage and cost of the census. Extensive analyses of the 1990 decennial census have shown that asking these additional questions has little, if any, effect on the accuracy of the population counts. The additional costs of the questions must be weighed against the value of the information provided by the data, whether they are needed to meet statutory requirements, and the costs of other mechanisms to obtain the data.

Content Determination Process

The process to determine content for the decennial census involves soliciting information about data needs, along with justifications, from the Federal and non-Federal sectors. The venues for obtaining content recommendations can range from highly structured, systematic efforts such as advisory committees and local public meetings, to unsolicited letters from individuals or organizations. In reviewing these requests, the greatest weight is given to data needs in response to legislative requirements. In addition to legislative requirements, respondent burden plays an important role in determining the number of questions that appear on decennial census forms. The Census Bureau also screens out questions that are intrusive, offensive, or widely controversial, and questions for which it cannot develop clear, concise wording. After testing and evaluation, the Census Bureau reports its recommendations for census content. The Department of Commerce reports to the Congress twice—on general topics no later than three years before the census date, and on specific questions no later than two years before the census date.

Active Role of the Secretary of Commerce and OMB

Both the Secretary and OMB play active and important roles in determining census content. As noted above, the Secretary has an important role in determining which content items to include in the census. The Secretary also authorizes advisory committees to help the Census Bureau make decisions about census content and procedures. The OMB uses its role as coordinator of Federal statistical activities to solicit and evaluate Federal agency needs for decennial census data. In its role of enforcing provisions of the Paperwork Reduction Act, the OMB also has authority to review and approve all data collection forms recommended by the Census Bureau. As described in Section I, the Census Bureau is working very closely with the OMB in the 2000 decennial census planning process, particularly for content determination. In addition, we have worked with key stakeholders and the OMB to learn about changing data needs affecting race and ethnicity classification. These efforts will assure appropriate categories for the race and ethnicity question in the 2000 decennial census to more accurately reflect increasing racial and ethnic diversity.

Data Requirements of Federal Departments and Agencies

The process for content determination among Federal departments and agencies has already begun. The OMB, through its participation in the Policy Committee of the Task Force, formally solicited suggestions for 2000 decennial census topics from all departments and agencies. The OMB provided a structured response format that required detailed justifications, including specific citation of Federal statutes, Executive Orders, or Federal regulations that mandate the need for the data. The Census Bureau is working closely with the OMB and with legal counsel at the Department of Commerce to evaluate these responses. Preliminary results from this evaluation have been used to determine what questions will be included in the 1995 Census Test; final results will inform the Secretary's determination of content for the 2000 decennial census.

Data Needs of State and Local Governments

The Census Bureau has developed a plan for soliciting data needs from the non-Federal sector, which includes state and local governments as well as businesses and a wide range of nonprofit organizations. Data needs from this sector are typically for detailed social, demographic, economic and housing information for geographic areas such as counties, cities, and census tracts or areas with sparse populations. These are the types of areas for which the decennial census provides a unique source of comparable data derived from uniform collection at the same point in time. Federal statutes and program requirements are often the driving force that generate the need for these data as well. For example, block grants to states often specify use of census data to distribute funds to counties or local governments.

Reimbursing the Census Bureau for Data Collection

The Census Bureau has collected survey data on a cost reimbursable basis for many decades. In those cases, sponsors for the data collection are well defined and the purpose for which the data are used is relatively narrow in scope. One example of reimbursable data collection is the Current Population Survey that is funded by the Bureau of Labor Statistics. Another example is the Residential Finance Survey, conducted immediately after the decennial census, toward which the Department of Housing and Urban Development made a significant contribution of funds for all phases of data collection and processing. By contrast, there are many Federal departments and agencies that use decennial census data and the purposes for which the data are used are quite diverse. Thus, it is a much more complex task to determine how the Census Bureau might allocate the cost of collecting the data among the Federal agencies. For example, most agencies use data from a relatively small subset of questions on the census form. In many cases, agencies require information from the same question (for example, income). In addition, some relatively small agencies, such as the Equal Employment Opportunity Commission, may have significant data requirements equivalent to those for much larger agencies. These situations raise questions about how we would apportion funding responsibility fairly among the agencies. The issue of reimbursement is made all the more complex by the large number of state and local governments that also use decennial census data but do not reimburse the Census Bureau for data collection. Nevertheless, we believe it is important to pursue this concept. We have already begun to discuss this idea with Federal departments and agencies participating in the Policy Committee and will continue to develop methods of apportioning the cost of the census among our Federal data users.

Development of a User Friendly Form

The Census Bureau has conducted numerous focus groups on improving questionnaire design and several important tests of alternative formats for decennial census questionnaires. The Simplified Questionnaire Test (SQT) focused on the "short form," which was mailed to most households in the decennial census. This study found higher response rates for households receiving the same number of questions as in 1990 but formatted in a more "user friendly" design than for households receiving the 1990 short form. Extension of this approach to the long (sample) form in the Appeals and Long-Form Experiment (ALFE) also resulted in a higher response rate (over the 1990 format) for one version of the long form that had a more user-friendly layout. We have incorporated the experience gained from these experiments in the 1995 census test design.

Content for the 1995 Census Test

As noted above, the Secretary of Commerce will submit topics for the 2000 decennial census to Congress in April 1997. Thus, the content determination process will not be completed until well past the 1995 Census Test. Further, single location tests planned for 1995 are not good vehicles for testing new questionnaire topics or wording. Therefore, the choice of content for the 1995 Census Test is not a formal part of the content determination process for the 2000 decennial census described above.

Based on the efforts to date with OMB and Federal agencies, described above, we plan to include in the 1995 Census Test those topics that are needed to provide data required by law. This would include 17 questions for which a law specifies that the data must come from the decennial census. Of these, six questions would be asked for all households (the "short form"). The remaining 11 questions, and 26 questions for which a law specifies that the data must be collected (and the census has been used as the vehicle to meet this requirement), will be collected only for a sample of households. This proposal would eliminate 11 questions that were included on the 1990 decennial census long form.

(Note that the review of legislative requirements is still underway, so the above conclusions are subject to change.)

Alternative Sources to Obtain Data

In addition to researching improvements in more traditional data collection methods, the Census Bureau is investigating the feasibility of alternative data collection methods that could have a profound impact on the way we collect, process, and disseminate information.

o Continuous Measurement

This research has developed a prototype design for an ongoing "Intercensal Long Form" (ILF) survey, which could replace the traditional "long form" data collected in the census. The survey would use the Census Bureau's Master Address File (MAF) as a sampling frame, and use a combination of a mail questionnaire and follow-up by telephone or personal visit.

The typical ILF small-area estimate would be the average of a characteristic over the three-year period 1999-2001. To contain costs, this estimate would likely be somewhat less precise than the corresponding 1990 long form estimate. The advantage of the ILF is that the estimate then would be updated regularly throughout the decade, using five-year averages.

Besides providing more current data, the ILF would benefit from a permanent field staff and the opportunity for continuous quality improvement. The overall continuous measurement proposal includes an Integrated Estimates Program, using the MAF to link data from the ILF, other household surveys such as the Current Population Survey, and administrative records, into a single statistical system which would be in place by about 2004.

The immediate research issues are the coverage of MAF as a sampling frame, the acceptability of five-year averages and lower precision to users of census sample data, and the ability to deliver data in a timely fashion. Current plans include a telephone survey to start a prototype continuous measurement program in 1996.

- Matrix Sampling

  In a matrix sampling design, questions normally appearing together on the decennial census "long form" would be distributed across two or more sample forms. In this way, most respondents receiving sample forms would be required to answer fewer questions than if they had received the full long form. Thus, the reduction in the number of questions would reduce respondent burden, make the census simpler for respondents, and may increase total response thereby reducing cost. We plan to test a prototype matrix design in the 1995 Census Test to: 1) observe the implications of matrix sampling for delivery and capture of multiple sample forms and 2) observe and evaluate the reaction of respondents to receiving sample forms with varying levels of sample content such as through the observation of differential mail response rates.

- Administrative Records

  The Census Bureau is doing extensive research and development on the use of administrative records for coverage measurement and coverage improvement. The use of administrative records for coverage improvement and measurement will be an important component of the 1995 Census Test. While we have determined that conducting a census solely through the use of administrative records is not feasible for 2000, we still hope to continue this important research (subject to funding) for the 2010 census. Also, the Census Bureau's existing intercensal estimation program uses administrative records. We hope to explore how expanded use of administrative records can enhance this program as part of long-range continuous measurement system development.

V. STATUS OF THE YEAR 2000 DECENNIAL CENSUS PLANNING EFFORTS

Planning efforts for the 2000 decennial census are on schedule and we are now just over halfway through our research and development programs to design a better census. The hallmark of the research and development program has been an extensive effort to seek out and listen to all those with ideas for change. From many different sources we have heard that the ever-changing society of the United States and the rapidly changing census-taking environment mean that we cannot afford to take the next census as we have taken past censuses. The Department of Commerce and the Census Bureau are committed to considering fundamentally different methodologies and listening to all who can offer informed advice on changes to consider. In addition to advice from the three committees comprising the Task Force, we have sought advice from our professional and minority census advisory committees, the National Academy of Sciences, professional associations, data user groups, other Federal and state agencies, the Congress, and Census Bureau staff.

From February 1991 through November 1991 we held focus groups with stakeholders representing hundreds of organizations to begin exploring new ideas for improving the decennial census. We classified these ideas for fundamental change into major census features, or "building blocks," and defined all the different ways these building blocks could be used.

In January 1992, the Technical Committee of the Task Force took these census building blocks and developed 14 alternative census designs. We then initiated a series of meetings with stakeholders to discuss the designs and to surface relevant research questions. In these meetings, called Alternative Design Assessment Meetings, we talked to over 25 stakeholder groups between February 1992 and June 1992. The technical and policy questions from these groups became the basis for the research and development agenda.

In the March 25, 1993 Federal Register we solicited public comment on the proposed criteria for assessing census design alternatives. We received over 100 sets of comments. On July 20, 1993 the Federal Register reported the final design assessment criteria and explained the changes we made based upon the comments we received. This input was used to prepare the Design Alternative Recommendations report in early 1993. In this widely distributed document we concluded that any specific design, by itself, was not the best we could do because every design had one or more features that had shown promise in our research. Some construed this discarding of all 14 designs as also abandoning all the new ideas to improve the census process. This was not the case. We selected the most promising ideas from each design based on extensive discussion and review by stakeholders.

In August 1993 we used these ideas to prepare the Test Design Recommendation report. This document, containing the proposed goals and methods for use in the 1995 Census Test, was also widely distributed for public review. Based on the many useful and insightful comments we received, we are now preparing the final design plans for the 1995 Census Test. This test, which will be the culmination of the research and development effort, provides a crucial opportunity to integrate the findings of individual research studies into an overall 2000 decennial census design. We will conduct this test in three urban sites (New Haven, Connecticut; Oakland, California; and Paterson, New Jersey) and one rural site (six parishes in Northwestern Louisiana--Bienville, De Soto, Jackson, Natchitoches, Red River, and Winn). The 1995 Census Test results will, in large measure, form the basis for the final design of the 2000 decennial census, a decision we will make in December 1995.

VI. PROPOSALS FOR LEGISLATIVE CHANGES NECESSARY TO ADDRESS THE CONCERNS OF CONGRESS

Many fundamental changes to the way we have previously conducted the decennial censuses are under consideration. Some of the proposals for change cannot be implemented unless current legislation is amended. Following are descriptions of legislative initiatives that are either currently under consideration at the Census Bureau or require action outside the Census Bureau. Other legislative changes may be necessary as we move toward a final 2000 decennial census design.

Use of Sampling

The Census Bureau is considering whether Title 13, United States Code, should be amended regarding the use of sampling for appropriate purposes. The Census Bureau is examining greater use of sampling to support two primary goals: reducing the differential undercount and reducing costs (as described in Sections II and III).

Give the Secretary of Commerce the Discretion to Share the Census Bureau's Address List When It Is Required for the Efficient and Economical Conduct of Censuses and Surveys

The Supreme Court has ruled that once address list information is collected and recorded by the Census Bureau it is confidential under Section 9 of Title 13, United States Code. Therefore, only sworn census employees currently may see the information.

We are seeking a legislative change that would allow the Census Bureau to share its address lists with Federal, state, and local officials to: 1) improve the accuracy and ensure the completeness of the lists, and thus, of the statistical programs for which they are used; 2) provide meaningful participation by governmental units in the census, thereby improving the completeness and accuracy of the data; and 3) minimize the costs to the taxpayer for the construction of duplicative address lists by various governmental agencies to implement programs of public health, public safety, or other public purposes, in addition to improving the effectiveness of such programs. This legislation is needed primarily to improve the decennial census address list and make the decennial census more accurate and more efficient, and would have the added benefit of helping public health and safety agencies carry out their missions more efficiently. This legislation would also permit the Census Bureau to share its list with the U.S. Postal Service (USPS), to develop and maintain a joint address list, on a nationwide basis. The USPS authority, Title 39, United States Code, would also need to be amended to permit sharing its address list with the Census Bureau.

Change Census Day

Census Day, which is specified in Section 141 of Title 13, United States Code, has been April 1 since the 1930 census. The National Academy of Sciences Panel to Evaluate Alternative Census Methods has recommended that the Census Bureau examine the efficacy of moving Census Day. Moving Census Day to an earlier date in February or March could offer several advantages.

An earlier Census Day would allow more time before the deadline by which the President must deliver the apportionment counts (currently December 31 of the census year) to implement follow-up activities and an integrated coverage measurement program for a one-number census. An earlier Census Day would also relieve some of the problems encountered enumerating households that move during the census period. Research shows that the peak moving season in the United States begins in mid-May.

An earlier Census Day may also make it easier to enumerate college students, who would be more likely to be in session, and the homeless, who would still be using shelters and services in the colder weather.

Provide for Exemptions to Encourage Work on the Decennial Census

The decennial census of population and housing poses a unique hiring problem in that it has always required a large number of workers for a relatively short time to staff positions in temporary local field and processing offices. Through efforts to improve mail response rates, and through the proposed use of sampling for nonresponse follow-up, we may be able to significantly reduce these staffing needs. Nevertheless, we expect that under any scenario for the 2000 decennial census, the required number of short-term census workers will be high and the difficulty in filling all positions with qualified candidates will be great.

For the 1990 decennial census, Congress passed legislation to help the Census Bureau hire short-term workers by exempting reemployed Federal civilian and military annuitants involved in the 1990 decennial census from offsets in pay and other benefits. The Census Bureau also arranged for administrative exemptions for various classes of workers.

This legislative initiative, currently undergoing review, would require amending Title 13, United States Code, to provide for similar exemptions for the 2000 decennial census. In addition, it would provide exemptions regarding dual compensation and overtime that would permit current Federal workers to take part-time census jobs in addition to their regular jobs. It also contains other provisions to give the Census Bureau greater flexibility in establishing its own recruitment programs, in keeping with recommendations in the Report of the National Performance Review.

Give the Census Bureau Access to USPS Address Information

To fully implement our plans for a comprehensive and permanently maintained Master Address File linked to the TIGER database, we are relying on address information collected and maintained routinely by the USPS. The USPS has demonstrated a willingness to share this information with us but is prevented from doing so by confidentiality provisions of Title 39, United States Code. The USPS has recommended the enactment of permanent legislation that specifically authorizes it to furnish address information to the Census Bureau and that also provides for the continued confidentiality of the information.

Other Possibilities

- o If we find there are restrictions on accessing critical administrative records, legislation may be requested.
- o Implementation of a continuous measurement system may require changes in legislation. For example, legislation that mandates the use of data normally obtained from the decennial census long form may now have to be broadened to include data from other sources.

VII. PROGRESS BEING MADE TO PROMOTE COOPERATIVE EFFORTS WITH THE U.S. POSTAL SERVICE (USPS) INCLUDING EFFORTS TO SIMPLIFY AND LOWER COSTS OF THE NEXT DECENNIAL CENSUS

Historically, the USPS has made significant contributions in the taking of the decennial census. With the advent of a predominantly mail-out/mail-back census in 1970, census taking has relied heavily on the USPS for the development of the census address list and for the delivery and return of census questionnaires. Acting on guidance from the Congress and others, we are expanding the role of the USPS in the 2000 decennial census.

Over the past year, the Census Bureau and the USPS have made significant progress toward developing a methodology for a cooperative program to create and continuously update a nationwide Master Address File (MAF) linked to the TIGER system (a computer database containing geographic information). Both products are essential to support any 2000 decennial census design. We are nearing the end of the first phase of an address information sharing pilot project, initially involving five 3-digit ZIP Code areas encompassing approximately 900,000 residential addresses.

In the first phase of the pilot project, the Census Bureau and the USPS each performed computer matches between their own address information and that of the other agency. The Census Bureau also matched address information from the USPS to the TIGER data base. Staff from each agency analyzed the results of these activities and met on November 9, 1993 to review the results. Our conclusions include:

- There are significant benefits to working cooperatively.
- Neither organization encountered any significant problems in receiving, reading, storing, or manipulating the automated address information provided by the other, and each successfully matched the address information provided by the other. Each learned about more effective ways to perform future matches and is adjusting its software accordingly.
- In matching the address information from the USPS to the TIGER data base to determine the census geographic code for each address, the Census Bureau achieved a higher match rate than it usually does with addresses from outside sources.
- The processes performed by the Census Bureau identified more than 3,500 unique street names associated with USPS addresses that did not match street names in the TIGER data base. This supports the fundamental assumption that a cooperative program between the two agencies will provide information needed to help keep the TIGER data base and the MAF up to date.
- Census Bureau and USPS staff will complete map update activities for selected new streets identified by the automated address match in the first phase sites.

At this same meeting, the USPS and Census Bureau staff agreed that there would be benefit in conducting a second phase to the address information sharing pilot project. The second phase will consist of similar activities for the 1995 Census Test sites. The Census Bureau will request an amendment to the current Memorandum of Understanding for the specific test sites.

Finally, the Census Bureau and the USPS are developing proposed language for changing Titles 13 and 39, United States Code, to permit both agencies to fully share, on a nationwide basis, the address information each maintains.

The Census Bureau and the USPS continue to implement other activities for sharing geographic information:

- Having provided the USPS with extracts from the TIGER data base equating 1990 census blocks with districts of the 103rd Congress to help the USPS determine the number of mail drops for each district, the Census Bureau will continue providing updated information as several states establish new districts for the 104th Congress.

- The Census Bureau has provided TIGER/Line files with ZIP+4 Codes to support USPS pilot projects for automated restructuring of carrier routes.

- Staff from both agencies continue to discuss improved letter carrier and enumerator routing applications that will benefit the activities of both agencies.

In addition to the progress on activities related to sharing address and geographic information, the Census Bureau and the USPS are working on a number of other activities. To guide these efforts, we established a Joint Committee for Census Planning in November 1990. The Joint Committee meets quarterly to explore and develop ways that USPS expertise can improve the census. The Committee's accomplishments over the past year include:

Developing a Process for Using Letter Carrier Identification of Vacant Housing

In the census, the misclassification of occupied housing as vacant can cause significant coverage deficiencies. To reduce the misclassification of units, the Census Bureau traditionally conducts at least two checks by census enumerators to verify the vacant status. We are working with the USPS to eliminate one of these visits by using information supplied by local letter carriers when they cannot deliver a census questionnaire because an address is vacant. Besides eliminating a costly second visit, we believe this activity will yield more accurate data because the initial determination by the letter carrier and subsequent follow-up by a census enumerator to all units classified as vacant are conducted closer to Census Day. We are currently working on the detailed planning for testing this operation in the 1995 Census Test.

Relying on USPS Letter Carriers for the Accurate and Timely Delivery of Census Questionnaires

The mail-out/mail-back method of census taking provides the most reliable data and reduces the need for census enumerators to go door-to-door to collect census data; this increases efficiency and dramatically reduces the cost of the census. The Joint Committee is initiating focus groups with local letter carriers to provide specific ideas about the exterior design of the census mailing packages so that letter carriers can recognize them easily and handle them accordingly.

Collaboration on Ways to Encourage Local Efforts to Convert Rural Style Addresses

Many local areas are converting their rural style addresses (Rural Route and Box Number) to house number/street name style addressing because of the advantages in routing of emergency service vehicles (fire, police, and ambulance). Both the Census Bureau and the USPS will benefit from these conversions. We are looking at ways to work together to encourage or facilitate these address conversions and collect information that will link the old rural style addresses to the new house number/street name addresses.

Investigation of Letter Carrier Involvement in Collecting the Census Data

It has been suggested that letter carriers be used to provide census information for households that do not return their completed census questionnaires by mail. A key question is whether this could be accomplished without the letter carrier making direct contact with the households. Our joint finding is that this is not the case; letter carriers are not universally knowledgeable about the minimum mandated census information (age, sex, race, Hispanic origin, and household relationships) for all of the persons along their delivery routes. Based on this conclusion, the USPS and the Census Bureau jointly prepared a report that looks at the feasibility of letter carriers conducting the nonresponse follow-up operation through contact with households. Both agencies concluded that there is no methodology for having letter carriers conduct the nonresponse follow-up operation without adding to the overall cost of the census (carriers are paid significantly more than temporary census enumerators), without having an impact on the delivery of the U.S. mail, or without undermining public confidence in the privacy of information entrusted to the postal system.

Using Local Post Offices, Particularly in Rural Areas, to Distribute or Make Available Unaddressed Questionnaires

To support the goal of providing an opportunity for each person to be counted, we are considering multiple locations for distribution of blank census forms. Using post offices as one category of locations would allow people who do not receive a questionnaire or believe they were not included on a census form to pick up census questionnaires, complete them and return them conveniently. We are working on plans for testing this in the 1995 Census Test.

Mr. MORAN. So the hearing is adjourned. Thanks.

[The following questions were submitted to be answered for the record:]

Questions Submitted by Congressman Mollohan

Cooperation with U.S. Postal Service

QUESTION:

Specifically, how will the $35.1 million be used in FY 1995? Please provide details for the record by object classification.

ANSWER:

Of the $35.1 million, the Census Bureau will use $12.1 million to implement activities required to build a Master Address File (MAF); FY 1995 is the second year of this four year effort. The Census Bureau will use the remaining $23 million to continue the other geographic support activities required to update the TIGER data base, link it with the MAF and maintain synchronization of the two files, increase cooperative partnerships with state, local, and tribal officials, and improve the quality of the related geographic processes and products.

- Building a Master Address File ($12.1 million) - Develop open systems software to process address information from the USPS and other sources, acquire open systems graphic workstations to process USPS updates, acquire map plotting equipment to produce materials for review by state, local, and tribal officials, perform computer processing and matching operations, and perform activities to resolve USPS/Census Bureau mismatches to enhance coverage and eliminate any duplicate addresses.

- Other Geographic Support Activities ($23 million)

a) Updating the TIGER data base ($6.9 million) - Develop open systems software to work with and update the TIGER data base, initiate processes to link it with the MAF, perform activities to resolve areas with significant numbers of unlinked records, and respond to numerous requests for geographic information and technical assistance.

b) Work with state, local, and tribal governments ($14.8 million) - Encourage continued conversion of rural style addresses to city style addresses, conduct the annual Boundary and Annexation Survey, produce maps for review by state, local, and tribal officials to update the streets, street names, and various boundaries displayed.

c) Ensuring quality geographic products ($1.3 million) - Apply evaluation procedures to assure the quality of processes used in the preparation of all geographic products.

The following summary provides the requested detail by object classification.

ACTIVITY: GEOGRAPHIC SUPPORT (000k)

Object Classification	Building a Master Address File	Other Geographic Support	Total
Salaries and related	4,055	15,985	20,040
Equipment/maintenance	4,573	1,500	6,073
Other services	700	2,767	3,467
Rental payments to GSA	877	1,263	2,140
Communications, utilities, miscellaneous charges	517	744	1,261
Supplies/materials	724	200	924
Travel	229	281	510
Postage	425	110	535
Training	0	100	100
Printing	0	50	50
TOTAL	12,100	23,000	35,100

QUESTION:

Have all legal problems or perceived problems regarding the cooperation with the Postal Service been worked out so that this project can proceed?

a. What legislative changes might be necessary to resolve these problems?

ANSWER:

The Supreme Court ruled in 1981 that once the Census Bureau collects and records address information it is confidential under Section 9 of Title 13, United States Code. Therefore, only sworn Census Bureau employees currently may see this address information. To deal with this and other situations, the Census Bureau is considering many fundamental changes to the way it will conduct the next decennial census. It cannot implement some of the proposals unless the Congress amends current statutes. The Census Bureau expects to propose several legislative changes as it moves toward a final 2000 census design.

The legislative initiative under consideration to facilitate working with the U.S. Postal Service (USPS) would give the Secretary of Commerce the discretion to share the Census Bureau's address information when it is required for the efficient and economical conduct of censuses and surveys. This proposed change will permit the Census Bureau to work freely with the USPS to develop and maintain a complete and correct address list on a nationwide basis. It also will allow the Census Bureau to share its address information with other Federal agencies, as well as state, local, and tribal officials, to improve the quality and coverage of the list and make the Census Bureau's statistical programs more accurate and efficient. This change will have the added benefit of allowing the Secretary of Commerce and the Postmaster General to authorize use of the address information to help public health and safety agencies carry out their missions more efficiently.

The USPS operates under authority of Title 39, United States Code. For the USPS to share the address information it compiles with the Census Bureau, it also needs to amend Title 39. The precise language of the USPS proposal must depend on the changes enacted in Title 13. Once the Census Bureau's proposal has been approved, the USPS expects to make a timely recommendation with respect to Title 39.

QUESTION:

What other efforts are you taking to find ways to cooperate with the Postal Service? What more can we -- the Appropriations Committee -- do to assist you in your efforts to achieve savings by sharing capabilities with the Postal Service?

ANSWER:

In November 1990, the Census Bureau and the USPS established an interagency Joint Committee for Census Planning. The purpose of this committee is to develop a wide variety of opportunities for cooperation in the 2000 census. The first meeting of the committee was held in February 1991 and was well attended by both agencies. During the ensuing two years progress was slow. In response to the continued interest expressed by Congress, Census initiated another meeting with the USPS. Census and the USPS established a working group that resulted in a joint report. Areas of current work include:

- Using letter carriers to identify vacant housing units. Our plans for the 1995 Census Test include using the specialized knowledge of USPS letter carriers to identify dwellings that probably are vacant or not used as living quarters. This will eliminate the need for multiple census enumerator visits. In an operation scheduled just before starting nonresponse followup, census enumerators will confirm the status of these units and collect the necessary housing information.

- Using local post offices as locations where people can obtain census questionnaires. An objective for the 2000 census is to make questionnaires available in convenient locations for people who do not receive a questionnaire, who have no usual residence, or who believe they were not included on the questionnaire for their residence. We plan to use post offices as one location for this activity in the 1995 Census Test.

The Appropriations Committee can support the legislative changes needed to facilitate cooperative activities between the Census Bureau and the USPS.

Potential Legislative Changes for Year 2000 Census

QUESTION:

What legislation do you think might be necessary for conducting an efficient and effective decennial census in the year 2000?

ANSWER:

Many fundamental changes to the way we have previously conducted the decennial censuses are under consideration. Some of the proposals for change cannot be implemented unless current legislation is amended. Following are descriptions of legislative initiatives that are currently under review by the Department of Commerce. Other legislative changes may be necessary as we move toward a final 2000 decennial census design.

A. Give the Secretary of Commerce the discretion to share the Census Bureau's address list when it is required for the efficient and economical conduct of censuses and surveys

The Supreme Court has ruled that once address list information is collected and recorded by the Census Bureau it is confidential under Section 9 of Title 13, United States Code. Therefore, only sworn census employees currently may see the information. We are seeking a legislative change that would allow the Census Bureau to share its address lists with Federal, state, and local officials primarily to improve the decennial census address list and make the decennial census more accurate and more efficient, and would have the added benefit of helping public health and safety agencies carry out their missions more efficiently. The legislation would also permit the Census Bureau to share its list with the U.S. Postal Service (USPS), to develop and maintain a joint address list on a nationwide basis. The USPS authority, Title 39, United States Code, would also need to be amended to permit sharing its address list with the Census Bureau. The USPS is also prepared to propose language for changing Title 39, United States Code, to permit the sharing of address information with the Census Bureau. The precise language of the USPS' proposal must depend on what changes are made in the confidentiality provisions of Title 13. Once the Census Bureau's recommendation has been determined the USPS expects to be in a position to make it's own recommendation in a timely fashion with respect to Title 39.

B. Change Census Day

Census Day, which is specified in Section 141 of Title 13, United States Code, has been April 1 since the 1930 census. The National Academy of Sciences Panel to Evaluate Alternative Census Methods has recommended that the Census Bureau examine the efficacy of moving Census Day. Moving Census Day to the first Saturday in March could offer several advantages.

An earlier Census Day would allow more time before the deadline by which the President must deliver the apportionment counts (currently December 31 of the census year) to implement follow-up activities and an integrated coverage measurement program for a one-number census. An earlier Census Day would also relieve some of the problems encountered enumerating households that move during the census period. Research shows that the peak moving season in the United States begins in mid-May. Having Census Day earlier in the year increases the likelihood that a householder would receive both the initial questionnaire and a replacement questionnaire at the same address.

An earlier Census Day may also make it easier to enumerate college students, who would be more likely to be in classes at college and less likely to be on spring break in early March, and the persons using shelters and services in cold weather.

The earlier date will also move the census further away from the tax filing deadline of April 15. For these reasons, we are seeking a legislative initiative to amend Title 13, United States Code, to change the census date from April 1 to the first Saturday in March.

C. Provide for Exemptions to Encourage Work on the Decennial Census

The decennial census of population and housing poses a unique hiring problem. It has always required a large number of workers for a relatively short time to staff positions in temporary local field and processing offices.

Through efforts to improve mail response rates, and through the proposed use of sampling for nonresponse follow-up, we may be able to significantly reduce these staffing needs. Nevertheless, we expect that under any scenario for the 2000 decennial census, the required number of short-term census workers will be high and the difficulty in filling all positions with qualified candidates will be great.

For the 1990 decennial census, Congress passed legislation to help the Census Bureau hire short-term workers by exempting reemployed Federal civilian and military annuitants involved in the 1990 decennial census from offsets in pay and other benefits. The Census Bureau also arranged for administrative exemptions for various classes of workers.

This legislative initiative would require amending Title 13, United States Code, to provide for similar exemptions for the 2000 decennial census. In addition, it would provide exemptions regarding dual compensation and overtime that would permit current Federal workers to take part-time census jobs in addition to their regular jobs.

D. Other Possibilities

If we find there are restrictions on accessing critical administrative records, legislation may be requested.

Implementation of a continuous measurement system may require changes in legislation. For example, legislation that mandates the use of data normally obtained from the decennial census long form may now have to be broadened to include data from other sources.

QUESTION:

Has the Bureau considered any legislative changes to permit sampling, to conduct background checks on temporary employees, to change the unemployment benefit eligibility of temporary employees, or to change Census Day?

ANSWER:

As described in the answer to the previous question, we are considering the possible need for several legislative changes to support various fundamental changes and improvements to census methodologies.

QUESTION:

What is the status of the development and clearance of any contemplated legislative proposals? What discussions have you had with the appropriate legislative committees on the proposals?

ANSWER:

Potential legislative changes for the 2000 census currently are undergoing review within the Department of Commerce. On January 25, 1994, we informed appropriate legislative committees of these potential legislative changes in the "Report to Congress on the Status of the Year 2000 Decennial Census Planning Efforts." Some of the legislative changes have been discussed at meetings of the Advisory Committee of the Task Force for Designing the Year 2000 Census and Census Related Activities for 2000-2009, which includes representation from the appropriate congressional committee staffs. Finally, we have had some informal discussions with committee staff about legislative priorities.

QUESTION:

Are you currently talking to the authorizing committees about any authorizing requirements for the use of continuous measurement methods?

ANSWER:

We have not yet discussed with the authorizing committees any requirements for the use of continuous measurement methods. The Continuous Measurement Development Team will investigate issues involving this design, including the need for authorizing legislation.

Recoveries of Prior Year Obligations

QUESTION:

At the guidance of this Subcommittee, the Census Bureau has made an effort to use deobligations of prior year funds to cover shortfalls in your FY 1994 funding. What is the total amount identified to date in FY 1994, and how do you propose to use those funds?

-- Will the recoveries in FY 1994 be used to fund one-time initiatives or recurring activities? Please elaborate.

ANSWER:

We identified $26 million in prior year obligations to be available in FY 1994. We are proposing transferring $5,500,000 of these recoveries to the Salaries and Expenses appropriation, to avoid major disruptions to current programs. This will enable the Census Bureau to restore a FY 1993 base reduction of $2,717,000; this restoration is needed to avoid disrupting longstanding economic and demographic data collection and reporting. This transfer will also fund the locality pay increase absorbed by the Bureau in the Salaries and Expenses appropriation, which is estimated to cost $2,783,000.

The balance of $20,500,000 in recoveries of prior year undelivered orders together with $4,200,000 reprogrammed from all periodic programs will enable the Bureau to carry out essential Year 2000 Census activities at a total level of $18,800,000, an increase of $10,700,000 over the FY 1994 appropriation amount of $8,100,000; conduct the TIGER/USPS cooperative project ($5,500,000) and Boundary and Annexation Survey ($500,000); and begin the Computer Assisted Survey Information Collection (CASIC) program ($8,000,000). With this proposal, the Bureau is still absorbing approximately $2 million for the locality pay increase in the Periodic Censuses and Programs appropriation. We will achieve this absorption by cost cutting.

QUESTION:

How does the amount anticipated for prior year recoveries compare to recoveries made in FY 1993? What are the sources of those recoveries?

ANSWER:

We deobligated $22 million in August 1993, and the funds were then apportioned by the Office of Management and Budget for use in FY 1993.

Of the $48 million deobligated in FYs 1993 and 1994, approximately 60% was deobligated from the 1990 decennial census; the balance was deobligated from other activities in the Periodic Censuses and Programs appropriation.

QUESTION:

Your FY 1995 request includes an estimated $2.8 million for recovery of prior year obligations. Please provide the basis for this estimate. Why is it so much lower than the amounts recovered in FY 1993 and FY 1994?

ANSWER:

We calculated the $2.8 million estimated prior year recoveries as two percent of prior year obligations from a regression analysis based on the historical accounting data available before the identification of problems with unliquidated obligation balances. We began a deliberate clean-up of prior year obligation balances in October 1992 which resulted in $48 million in prior year deobligations from 12/92 - 12/93. This clean-up effort is near conclusion and GAO review teams are now on site to verify current balances.

QUESTION:

Your budget justifications show that the Year 2000 decennial census has $8.1 million available for FY 1994. Considering the recoveries of prior year obligations, isn't there additional funding being devoted to this line item in FY 1994?

a. Could you provide the actual amounts available for the Year 2000 Census for FY 1994? How does this compare with your original budget request for this line item in FY 1994?

ANSWER:

Yes, there is an additional $10.7 million in funding from prior year recoveries being devoted to the 2000 decennial census program in FY 1994. This additional funding makes $18.8 million available to the 2000 decennial census. This level is $4.3 million less than our request.

QUESTION:

Have all the recoveries found to date in FY 1994 been from the 1990 Census line item? If not, from what other line item activities were these recoveries found.

ANSWER:

Of the $48 million recoveries found in FY 93 and FY 94 approximately 60% are from the 1990 Census line item. Other recoveries are from the Economic and Agriculture Censuses, Geographic Support, and Data Processing Systems line items.

Costs of Conducting Year 2000 Census

QUESTION:

The Bureau has established the goal of containing the costs of the next decennial census. Does the Bureau have an operational definition of this goal? Please elaborate.

ANSWER:

Our goal with respect to cost containment is that the cost of the 2000 decennial census will be less than the 1990 census, adjusting for inflation and increased population.

The 1995 Census Test provides an important opportunity for the Census Bureau to test 15 proposed fundamental changes to the way the census has been conducted in the past. These fundamental changes have the potential to support the two most important objectives of the 2000 census: reducing the differential undercount and reducing cost. Of the new operations we will test next year, the following will focus on reducing cost:

- We will use an easy-to-fill-out questionnaire with multiple mail contacts to improve response.
- We will mail Spanish language questionnaires to areas with large concentrations of Spanish-speaking households.*
- We will develop cooperative ventures with other Federal agencies; state, local, American Indian Tribal, and Alaska Native Village governments; and private and nonprofit organizations to form partnerships in taking the census.*
- We will evaluate our initial efforts to compile and maintain an address list and geographic files in cooperation with the USPS and state, local, American Indian Tribal, and Alaska Native Village governments.*
- The USPS will identify vacant housing units or mistakes on our address list.
- We will use sampling and estimation procedures to reduce the differential undercount and the cost of the census.*
- We will use new technologies to contact persons or to allow them to contact us.
- We will develop a new data capture system using electronic imaging.
- We will experiment with collecting sample (long form) data using multiple sample forms.

*NOTE: These and other procedures also have the potential to reduce the differential undercount.

QUESTION:

What is the current estimate of the cost to conduct the year 2000 census? What efforts are you taking to control the costs, and how are those efforts represented in this budget request?

ANSWER:

We will not know the estimated cost of the 2000 census until the design is selected subsequent to the 1995 Census Test and its evaluation. If we were to repeat the 1990 census adjusted for an increase to the number of housing units, a decrease in the mail response rate, and using inflation factors, we could have a 2000 census cost as high as $4.8 billion. One of the two overriding goals of the Year 2000 census and the 1995 Census Test is to contain the cost of the census. This census test will yield data on costs and potential savings from the proposed major changes in census operations and processes which are expected to yield significant cost savings.

As noted in the previous question, we will test numerous new methods to reduce costs such as using sampling and estimation procedures, developing a new data capture system, and using easy-to-fill-out questionnaires. The use of sampling for the nonresponse followup operation may by itself save $300 to $650 million (in 1990 census costs). The use of the plan we are testing for utilizing the Postal Service identification of vacant housing units may reduce costs by $121 to $165 million. Other potential innovations such as automation of data collection and cooperative ventures involving state, local, and tribal governments, may also reduce costs by substantial amounts. The FY 1995 budget request for the 1995 Census Test is $28,997,000. To support this cost control effort we have built sophisticated automated cost models to investigate census design alternatives and operational improvements that will ensure a cost effective census. These models utilize thousands of equations to depict the census and its operational relationships. The 1995 Census Test will generate new input for our cost models. The cost modeling program in 1995 ($771,000) will utilize the models to evaluate the potential savings of each proposed major change designed to reduce census costs, based on 1995 test results.

QUESTION:

What other line items in the Census Bureau's budget request -- other than the 2000 decennial census line item -- contain projects or activities which make significant contributions to the decennial census? Can you quantify the overall costs for the decennial census including these line items? Please provide details for the record if necessary.

ANSWER:

Several activities funded in line items other than the 2000 decennial census will contribute to the success of the next decennial census, as they contribute to the success of the Census Bureau's overall statistical program. The Geographic Support Master Address File (MAF) will contribute to the 2000 decennial census by producing an address control list for the census. The Computer Assisted Survey Information Collection (CASIC) and Mid-Decade Modernization will also contribute to the census. However, these programs support Bureau-wide activities and we can not isolate a cost specifically related to the decennial census.

1995 Test Census

QUESTION:

The Bureau recently announced the four test sites for the 1995 Test Census. What was the criteria used for determining the test sites?

ANSWER:

The criteria used to select the four test sites included consideration of the total number of housing units in each site and demographic characteristics such as:

- Poverty rates
- Percent of housing units in multi-unit structures
- Mail response rates in the 1990 census
- Appropriate representation of major population groups

QUESTION:

Why is it necessary to have four test sites in 1995? How many sites were used for the test of the last census?

ANSWER:

The selection of four sites for the 1995 Census Test enables determination of the effectiveness of the proposed fundamental changes, particularly with respect to the reduction of the differential undercount and cost. The test sites selected have disproportionately high representation of population groups that have historically been undercounted in the census--Hispanic, African American, and Asian. We believe that the selected sites will provide a sufficient number of housing units with appropriate demographic characteristics to learn about the effect of the proposed methodological changes. Having three urban sites will allow us to draw more valid conclusions than having only one or two sites where uncontrollable factors can limit the strength of the information gathered. This will, in turn, enable informed decisions for selecting the 2000 census design.

Prior to the 1990 Decennial Census, census tests were conducted in five sites:

- Jersey City, New Jersey (1985)

- Tampa, Florida (1985)
- East Central Mississippi (1986)
- Central Los Angeles County, California (1986)
- North Central North Dakota (1987)

QUESTION:

Please break out the costs by site of conducting the 1995 test. What are the general overhead costs of conducting the test? Are there costs to the localities (not borne by the Census Bureau) associated with the test census? Please elaborate.

ANSWER:

The total FY 1995 cost by site for conducting the data collection and processing component of the 1995 test is shown below:

Oakland, CA	$ 5,367,000
New Haven, CT	$ 2,683,000
Paterson, NJ	$ 2,549,000
NW Louisiana	$ 2,818,000
TOTAL	$13,417,000

In addition to salaries ($12,006,000), these costs include space leases and utilities for the sites ($327,000); communication lines ($20,000), mileage costs ($625,000); postage ($131,000); supplies ($55,000); equipment ($43,000); printing ($2,000); and other services ($208,000). The cost of design and preparation, management and evaluation activities for the 1995 test is $15,580,000. This covers the following:

- Design and prepare test specifications and procedures for the 1995 test program and automated systems ($9,971,000).
- Manage district office and processing office operations during the test ($2,726,000).
- Statistical design and analysis of the 1995 test evaluations for each change studied in the test ($1,948,000).
- Implement the use of administrative records in the 1995 test ($765,000).
- Regional office support of test evaluation activities in Dallas, New York, Boston and Los Angeles (from where the district offices are coordinated) ($170,000).

The total 1995 test program component is $28,997,000.

Localities do not bear any direct costs of decennial census operations in their areas. For the 1995 test, we have identified seven types of cooperative ventures in which the Census Bureau may want to enter into a close partnership with state and local governments:

a. Outreach and Promotion
b. Address List and TIGER Data Base Improvement
c. Boundary Delineation
d. Recruiting
e. Space Acquisition
f. Supplying Administrative Records for Coverage Improvement
g. Enumeration Planning and Assistance

We believe state and local governments may need to provide staff time to oversee and participate in these activities. It is possible there may be some outlay of funds required for outreach and promotion; however, we hope this can be offset by contributions from the private sector. We believe that these efforts hold promise for reducing census costs overall.

We have set up a working group on cooperative ventures that includes representatives from state and local governments from the 1995 test sites and members of the Advisory Committee of the Task Force for Designing the Year 2000 Census and Census Related Activities for 2000 - 2009. The purpose of this group is to discuss the design and implementation of the cooperative ventures program. We will know better the cost implications for these activities for state and local governments after these meetings.

QUESTION:

If you had to eliminate test census sites due to budget considerations, what would be your priorities? What would be the impact of not having four test sites on the 1995 test and on the Year 2000 Census?

ANSWER:

The use of four test sites in 1995 is crucial to gain useful measures of how potential changes to the census behave in different areas of the country. We have begun working with the local areas involved in the 1995 test, and specifically developed relatively small district offices to reduce FY 1995 costs. The geographical dispersion of the sites, and our goal of testing improved methodologies on population groups that have historically been undercounted in the census, require the four sites so that we can make informed decisions about a 2000 design that can control the cost of the census while reducing the differential undercount. We have not at this time completed a priority ranking of the four 1995 test sites.

QUESTION:

You are also requesting $764,000 for preparing for tests in 1996. What types of tests will you conduct in 1996, and what information do you expect to gain from these tests?

ANSWER:

The $764,000 is budgeted for planning and development of programs, systems, and procedures for the 1996 Census Test, a medium sized district office test. The 1996 Census Test provides an opportunity to refine operational features and the integration of features selected for the next census based on the results of the 1995 Census Test, and to test specific features that could not be tested in 1995. (Please note that the $764,000 excludes ongoing program activities related to Special Methods for Special Areas and Subpopulations, Race and Ethnic Studies, and Content Planning and Testing.)

QUESTION:

You anticipate that a design for the 2000 Census will be chosen by December 1995. Is it realistic to think that the evaluations of the 1995 tests will be completed to allow for a decision in that timeframe?

ANSWER:

The 1995 Census Test will make a significant contribution toward specifying the design of the 2000 census. We are now in the process of designing the evaluation requirements for the 1995 Census Test. We are developing a schedule of completion dates for the availability of critical evaluations. Those needed to inform the design of the 2000 census will be available by December 1995.

QUESTION:

What would be the impact of any delays in the selection of a design on the planning (and the cost) of the 2000 Census?

ANSWER:

If the selection of the 2000 census design is delayed, the Census Bureau may not have adequate time to refine and improve those fundamentally different methodologies chosen for inclusion in the next census. If the 1995 Census Test is delayed, in turn delaying the 2000 census design decision, we will not have sufficient opportunity to:

- Obtain detailed data necessary to refine and implement the concept of sampling nonrespondents which could save from $300 to $650 million compared to the 1990 census costs.

- Obtain detailed data necessary to refine and implement the concept of using respondent-friendly questionnaire design and implementation which could save from $15 to $25 million compared to 1990 census costs.

- Obtain detailed data necessary to refine and implement the concept of using the Postal Service to identify vacant and nonexistent housing units which could save from $121 to $165 million compared to 1990 census costs.

- Obtain detailed data necessary to refine and implement the concept of collecting sample data using multiple sample forms which could save from $0 to $46 million compared to the 1990 census costs.

- Select and procure the technology necessary to support the 2000 census due to the lead times necessary after the design decision is made. The cost for computer systems in 1990 was more than $84 million.

- Evaluate, further refine, and then implement those fundamental changes designed to reduce the differential undercount.

QUESTION:

Will the Bureau be using one or more long form questionnaires in the 1995 test as well as short forms?

ANSWER:

As part of our test of multiple sample forms, we will use three longer (sample) forms with varying numbers of sample questions. All 3 sample forms will include the short-form questions (a total of 7 questions). The "short" long form will contain 8 sample questions (for a total of 15 questions). The "medium" long form will contain additional questions (27 sample questions; 34 total questions). The "comprehensive" form will include all sample items (44 sample questions; 51 total questions).

QUESTION:

Will the Bureau be testing matrix sampling for collecting long form data? What are the advantages and risks of matrix sampling?

ANSWER:

We will be using our multiple sample forms test in 1995 as well as other related research to consider matrix sampling. More specifically, the multiple sample forms test will provide us with information on how differing form length affects two indicators of cooperation from respondents - mail return rates and item nonresponse rates. The main benefit of matrix sampling is its ability to reduce aggregate respondent burden by not asking all persons in the sample all long-form questions. The main risks are: 1) increased operational complexity, 2) increased sampling error for many items, and 3) inability to produce cross-tabulations for items that do not appear on the same form. We are currently assessing these risks in our research and testing.

Computer Assisted Survey Information Collection

QUESTION:

You are requesting $7.4 million for Computer Assisted Survey Information Collection (CASIC). You are showing no funds for this line item in FY 1994, but are you not already devoting some resources to this effort in the current fiscal year? Where within the Bureau have the ongoing activities for CASIC been funded?

ANSWER:

In FY 1994 we are conducting the Computer Assisted Survey Collection (CASIC) program at a level of $8 million with funding from prior year recoveries.

QUESTION:

Is the Census Bureau trying to develop new technologies in-house to support the CASIC program?

ANSWER:

The Census Bureau's plan for CASIC is to keep abreast of **external** hardware and software technologies that could be applied directly or adapted for data collection, capture, and processing of statistical programs managed by the Bureau. CASIC staff is working with program areas to stimulate and guide the implementation of appropriate technologies into statistical programs.

QUESTION:

Is the required technology for CASIC available in the marketplace?

ANSWER:

For our immediate needs, the technology exists for the new data collection tools we are bringing on-line within the next year or two. Specifically, we are phasing in Touchtone Data Entry (TDE) and small vocabulary VRE, reverse Computer Assisted Telephone Interviewing (CATI), and we are expanding Computer Assisted Personal Interviewing (CAPI) and the need for lighter and faster laptops into more surveys. We are developing prototypes for Paperless Facsimile Imaging Reporting System (PFIRS) and testing Computerized Self-Administered Questionnaires. We plan to begin development of a hand written Optical Character Recognition (OCR) prototype that will require application specific design to meet our needs. We are interested in medium and large vocabulary VRE and are researching and staying abreast of developments in this technology but it is not sufficiently mature at this time to meet existing data capture and coding requirements.

QUESTION:

Have you consulted with other Federal R&D agencies such as NIST and ARPA to see if they are aware of new technologies which may be applicable to the Census Bureau's programs?

ANSWER:

Specifically with respect to OCR, we have been working with NIST to develop standard tests of hand-print OCR systems. In February 1994, we held a joint OCR conference with NIST to examine the most recent test results. We currently are working with ARPA on the medium and large vocabulary Voice Recognition Entry (VRE).

QUESTION:

How will the CASIC program relate to the ongoing automation efforts being conducted by the Bureau? How does this effort relate to the mid-decade modernization?

ANSWER:

The CASIC program directly supports and is facilitating the automation efforts at the Bureau. While the Information Technology (IT) area is responsible for the overall open systems environment, CASIC is responsible for the development of generalized modules or tools that can be used across the Bureau in survey data collection/capture and processing. Many of the automation efforts, including business process redesign/reengineering at the Bureau have been absorbed under the CASIC "umbrella" and activities are now coordinated by the CASIC staff. In general, developments related to automated data collection and data capture systems are planned, coordinated, and budgeted by the CASIC staff while implementation and ongoing production are carried out by the division or program area that is responsible for the day-to-day operation of the system.

The mid-decade modernization initiative is a comprehensive plan to implement a Bureau-wide processing architecture that would replace aging and diverse systems. CASIC, too, is a comprehensive initiative that initially targets the development of automated data collection/capture systems. Both initiatives adhere to open-systems principles with the recognition that data will be moving from sampling systems to data collection systems to data processing and dissemination systems; seamless access to and transfer of data are essential to efficiently move data. An essential aspect of the Bureau's Information Technology planning is the coordination of these two initiatives and the cooperation of the Information Technology and CASIC staff.

The Information Technology area is taking the lead on the mid-decade modernization, specifically with the overall development of the open systems environment, while CASIC is responsible for facilitating the implementation of data collection/capture and processing technologies in an open systems environment.

QUESTION:

Are you currently working with the National Telecommunications and Information Administration (NTIA) to develop applications under the National Information Infrastructure for computer assisted survey information collection?

ANSWER:

NTIA is providing guidance and we are conforming to NTIA conventions to improve protocols for our applications under the National Information Infrastructure (NII), specifically our recent prototype data release via the Internet. As we continue to expand our applications under the NII for CASIC, we will continue to meet with NTIA and conform to their conventions.

QUESTION:

Have any evaluations been made to demonstrate whether there will be cost savings associated with the new technologies under development as part of the CASIC program?

ANSWER:

Initial development of Computer-Assisted Telephone Interviewing (CATI), the most mature CASIC technology, was driven by the difficulty in recruiting and retaining staff for current surveys in some of the metropolitan areas. As the infrastructure for CATI was built, other programs used CATI and realized cost savings and better quality as recently noted by the 1992 Census of Agriculture. In January 1994, we began Computer-Assisted Personnel Interviewing (CAPI) for the Current Population Survey. As we continue to transition surveys to CAPI, the next most mature CASIC technology, we will continue to monitor and evaluate costs as a result of its use. Thus far, the use of CAPI is cost-neutral, but we expect to see cost savings as more surveys move to CAPI interviewing. Other surveys are conducting benefit/cost analysis before committing to full redesigns of their application systems. Thus far, analysis done for the American Housing Survey indicates that fully automating data collection would offset the costs of redesigning their application systems.

QUESTION:

Will implementation of the CASIC program require high performance computing capability for the Census Bureau? Will any of the funds requested in FY 1995 be used for the acquisition of a high performance computer for the Bureau?

-- Has the Bureau done a requirements analysis for high performance computing capability? When was the analysis conducted, and what were the results?

ANSWER:

It is likely that high performance computing capability such as a super workstation may be required for some future CASIC components.

In the FY 1995 budget request, we have included minimal funding for such items as frame relay in place of our 56k telecommunications lines which could be considered high performance computer capability.

In February, 1994, Advanced Resource Technologies Incorporated (ARTI) under contract with the IT area, prepared an assessment (preliminary requirements analysis) for applicability of high performance computing at the Census Bureau. ARTI identified numerous potential opportunities for cost beneficial application of high performance computing technologies. ARTI recommended that we begin prototyping to further document the cost and benefits in a small production environment prior to implementation.

Reimbursable Work For Other Federal Agencies

QUESTION:

Please describe how the bureau estimates the reimbursable work to be conducted for other Federal agencies. Is there much fluctuation in the reimbursable program from year to year?

ANSWER:

The Bureau begins each budget cycle with a call for estimates of all appropriated work and all reimbursable work for the current budget year and four outyears. All work is estimated based on latest adjustments to base and with the latest estimates of work negotiated with reimbursable customers. Managers and customers alike track work estimates for our bureau exhibits and for the other agencies' submissions.

There has been some fluctuation in the reimbursable program in the last few years for surveys which occur once every two years, or one time special tabulations or surveys. However, mandatory increases for adjustments to base as well as new work have resulted in a program that has increased more than 50 percent since 1990.

QUESTION:

What rates does the Bureau charge for it's reimbursable services and how are these rates determined?

ANSWER:

The Bureau charges reimbursable work customers on the same basis as for appropriated work. General administration, space, computer services, and other common services charge rates are developed using multiyear estimates of all Bureau services requirements. A common rate/methodology is developed by dividing the estimated cost of providing the service unit by the estimated requirements for services as accumulated from the manager's individual work project estimates, appropriated and reimbursable.

Request to OMB

QUESTION:

What was your request to OMB for both appropriation accounts, what items were eliminated by OMB, and what will be the impact of any reductions on your ongoing operations, particularly on the planning for the 2000 Census?

ANSWER:

The FY 1995 OMB request for Salaries and Expenses was $144,844,000. The OMB net increase of $2,541,000 included a decrease of -$12,512,000 for the 1994 enacted appropriation; an increase of $9,784,000 for adjustments to base and an increase of $5,269,000 for the following program changes: $104,000 for Standard Industrial Classification; $3,833,000 for Improved and Expanded Services Statistics; and $1,332,000 for Improvement to Construction Statistics.

The FY 1995 OMB request for Periodic Censuses and Programs was $205,894,000. Based on the OMB reduction of $46.9M, we made the following reductions: $37,868,000 for 1995 Geographic Support base, $3,068,000 for Redesign Household Survey Samples, $4,166,000 for Computer-Assisted Survey Information Collection, $4,400,000 for Mid-Decade Modernization, and $1,114,000 for 1995 Base cyclical changes. These reductions were partially offset by a net increase in adjustments to base.

The base reduction to Geographic Support will eliminate the ability to support the U.S. Geological Survey in its production of Digital Orthophoto Quadrangles (DOQ's) or use those materials to improve the positions of many streets and other map features in the TIGER data base.

Administrative and FTE Reductions

QUESTION:

What will be the impact of the President's executive orders on administrative savings and FTE reductions on the ongoing programs of the Census Bureau?

ANSWER:

Pursuant to the executive orders, we intend to make savings totalling $4,248,000 to continue the deficit reduction programs that are included in our budget request:

Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government.

Our budget request includes reductions in the following amounts to comply with this Executive Order:

Salaries and Expenses:	(498,000)
Periodic Censuses and Programs:	(1,063,000)
Total:	(1,561,000)

Executive Order on Reduction of 100,000 Federal Positions

Our budget request includes reductions in the following amounts to comply with this Executive Order:

Salaries and Expenses:	(1,527,000)
Periodic Censuses and Programs:	(1,160,000)
Total:	(2,687,000)

QUESTION:

Will any Reductions-in-Force be required to implement the FTE reductions?

ANSWER:

There are none contemplated at this time.

QUESTION:

Is the Bureau planning to make use of the recently enacted Federal employee buyout legislation?

ANSWER:

Yes. We have begun employee briefings to discuss the buyout program and answer individual questions.

QUESTION:

Considering that the FY 1994 funding levels for the Census Bureau were so much lower than what was originally requested, are you currently taking any steps to reduce employment at the Bureau?

ANSWER:

Yes. Since November 1991 we have had a general hiring freeze. We have abolished jobs and offered discontinued service retirements. We will also allow employees to participate in the "buyout" program.

New Computer Center

QUESTION:

What amounts are included in this request for the new Census Bureau Computer facility in Bowie, Maryland? What is the status of that facility, and how will any funds requested by the Census Bureau for FY 1995 be used?

- Will the facility become operational in time to be tested in the 1998 Census dress rehearsal and will it be used for the 2000 Census? How will the facility be used after the 2000 Census?

ANSWER:

The Bowie computer facility is being constructed by the GSA. While the Bureau of the Census is in the process of developing information to document the advantages of relocating the Bureau's principal data processing operations to Bowie, the Bureau has not yet received approval to do so. Consequently, no amounts are included in the FY 1995 request for the new Census computer Center.

Our understanding of the GSA construction schedule is that the facility would be open in calendar year 1997, which would be in time for a 1998 dress rehearsal for the 2000 decennial census.

The new Census Computer Facility at Bowie would be used for all Bureau programs.

QUESTION:

Will the completion of this new computer center mean that the computer facility in Charlotte, North Carolina will no longer be required? If that is the case, when would you propose to close the Charlotte facility?

ANSWER:

Completion of the new facility will allow us to close our Charlotte site when the current lease expires in 1998.

QUESTION:

Will no other computer support facilities (other than the new center in Bowie) be required for the Year 2000 census automation capabilities? How will additional sites be determined?

ANSWER:

Were the Bureau's principal data processing operations to be moved to Bowie, we would intend to fully support year 2000 post collection processing, telecommunications, and data dissemination at the new facility. The Bureau will determine nationwide temporary sites for Census 2000 data collection support after the 1995 and 1996 census tests are done and evaluated.

Standard Industrial Classification System

QUESTION:

You are requesting $2.4 million for a program to restructure the Standard Industrial Classification (SIC) system, which was originally developed in the 1930's.

What will be the current cost of this effort and when will the restructuring be completed.

ANSWER:

The cost of this effort in FY 1995 is $2.4 million. Funding levels will stay stable through FY 1997 as the Census Bureau leads the development of a restructured industry classification system and the development of a revised commodity classification system for goods and the development, for the first time, of a system for classifying service products. The new systems will be implemented in the 1997 Economic Censuses, conducted in FY 1998.

Costs will rise to slightly over $5 million in FY 1998 and FY 1999. In FY 1998, the economic census mailout will be expanded significantly to correctly classify establishments operating in industries affected by the SIC Revision. The FY 1999 funds are required for the additional processing associated with implementation of new industry and commodity classification systems and the construction of "bridge" tables that link the old and new industry classification systems.

QUESTION:

What are the benefits to be gained by the restructuring effort? Will this place an additional burden on businesses responding to requests for data?

ANSWER:

Key benefits include:

- The new system to be called the North American Industry Classification System (NAICS) will provide for direct comparability with the classification systems of our North American Free Trade Act partners, Canada and Mexico. The Economic Classification Policy Committee (ECPC), chartered by Office of Management and Budget to develop the new system, has agreed with the statistical agencies of Canada and Mexico to develop this North American system.

- The NAICS also will provide for comparability to the international system for classifying economic activity [International Standard Industrial Classification (Rev.3)] maintained by the United Nations, allowing for data comparisons with our major trading partners.

- The new system will increase the number of service industries and provide for an industry system that better reflects the structure of the U.S. economy for the year 2000.

The new system is being developed in cooperation with business and trade groups. During the first year of implementation (FY 1998) of the new system, it will be necessary to query more businesses regarding their business activity to ensure the correct classification of economic activity. A short, simple report form will be used to minimize reporting burden. The increased burden, however, is related to the one-time request with no long term increase in reporting burden.

Current Economic Statistics

QUESTION:

You are requesting an increase of about $5.1 million for expanding and improving statistics on the service industry and the construction industry. What progress has been made to date to improve statistics in these areas?

ANSWER:

Since 1985, there has been a planned consistent and incremental expansion in the Census Bureau's coverage of the service sector. Through expansion and program improvements, the Bureau has been successful in developing, on a timely basis, financial and other operating statistics for many of these industries. The following highlights the Bureau's expansion efforts for the services program:

- Increased annual survey coverage of personal, business, amusement, and recreation, social, health and other professional services from 22 to over 120 industries from FY 1985 through FY 1992. Expanded coverage included industries that were previously covered only in the 5-year census and many industries that were newly identified in the 1987 revision to the SIC.

- Developed in FY 1987, detailed income and expenditures data for 6 business, travel, and health service industries where previously existing data were limited to a single measure of total operating receipts. In FY 1992, provided expanded income data for 29 additional industries.

- Developed in FY 1987, separate output measures for taxable and tax-exempt firms in selected service industries. Provided in FY 1992, total expenses (in addition to revenue) for tax-exempt firms in these industries.

- Introduced in FY 1986, annual survey coverage of the for-hire trucking and public warehousing industries. Survey produced over 50 separate breakouts of detailed revenue and expenses. Increased survey coverage to produce additional 4-digit SIC detail for the trucking industry.

- Introduced in FY 1990, annual survey coverage of the telephone, radio and television broadcasting, cable television, and other communication service industries. Provided detailed financial measures of output and expenditures for these industries.

- Increased coverage in the 1987 Economic Census to include 28 transportation industries, including trucking and warehousing, water transportation, and transportation services.

- Expanded coverage in the 1992 Economic Census to include most remaining transportation industries, communications, and finance, insurance and real estate (over 120 industries). The censuses (including Agriculture and Governments) now cover approximately 98 percent of the economy.

Some progress has been made in improving construction statistics. For example, the measurement of public construction was significantly improved by benchmarking current construction data to information collected in the Census of Governments. Expansion in our list of permit-issuing places from 17,000 to 19,000, will improve estimates of residential construction activity beginning with the January 1995 estimates. While some progress has been made, a significant problem still exists related to nonresidential construction activity.

The FY 1995 increase will correct serious deficiencies in the measurement of the value of nonresidential construction put in place. Currently, existing data collection methods miss some $17 billion in nonresidential reconstruction activity; coverage of construction work at industrial sites is deficient; and nonresidential price indexes are inadequate. Progress in improving these statistics has been limited because of funding limitations. In the early 1990's, $200,000 was provided for research aimed at identifying ways to improve these data; this increase implemented the necessary program improvements.

QUESTION:

How will these efforts relate to the initiative to restructure the SIC system?

ANSWER:

The Economic Classification Policy Committee, Canada, and Mexico have agreed that the primary focus of the work on the new system will be on service industries, new and emerging industries, and industries engaged in the production of advanced technologies. Expanding and improving statistics on the service and construction industries will provide the information needed to identify and establish new service and construction industries. One of the major problems in past Standard Industrial Classification revisions in creating new service industries has been the lack of data available for decision making. In particular, there has been little product or commodity information available for determining how to group establishments into industries and to determine the size of the proposed industries. The current economic statistics initiative on service statistics will provide much of the needed detailed data.

Federal Audit Clearinghouse

QUESTION:

Last year, you requested an increase of 20 positions and $600,000 for the Federal Audit Clearinghouse, which the Census Bureau would have operated as the Executive Agency for OMB. What is the status of this initiative?

ANSWER:

We have not requested funding for the Federal Audit Clearinghouse.

QUESTION:

Are you devoting funds to this activity in FY 1994? What amounts are assumed for this activity in FY 1995?

ANSWER:

We are not devoting our funds to this activity in FY 1994 or FY 1995. The program will be funded by reimbursements from other federal agencies.

Questions Submitted by Congressman Rogers

Recoveries of Prior Year Obligations

QUESTION:

Your budget request states that you expect to recover $10 million in unobligated balances this year (FY94). However, we are told that the revised estimate is now $26 - $29 million.

Why are your estimates so far off? What actions are you taking to increase recoveries of unobligated balances?

What activities are being funded with these recoveries?

How did Census decide on the uses for these funds, and did you notify this Committee of your plans?

ANSWER:

Our FY 1994 budget included $4,000,000 in estimated prior year recoveries. FY 1994 appropriation report language stated, "Additional prior year recoveries of $10,000,000 could be identified." This resulted in the $10,000,000 in prior year recoveries reflected in the FY 1995 budget.

We continued a deliberate clean up of prior year obligations in calendar year 1992 and 1993 and identified $26 million in prior year obligations to be available in FY 1994. This clean-up effort is near conclusion, and GAO review teams are now on site to verify current balances.

We are proposing transferring $5,500,000 of these recoveries to the Salaries and Expenses appropriation, to avoid major disruptions to current programs. This will enable the Census Bureau to restore a FY 1993 base reduction of $2,717,000; this restoration is needed to avoid disrupting longstanding economic and demographic data collection and reporting. This transfer will also fund the locality pay increase absorbed by the Bureau in the Salaries and Expenses appropriation, which is estimated to cost $2,783,000.

The balance of $20,500,000 in recoveries of prior year undelivered orders together with $4,200,000 reprogrammed from all periodic programs will enable the Bureau to carry out essential Year 2000 Census activities at a total level of $18,800,000, an increase of $10,700,000 over the FY 1994 appropriation amount of $8,100,000; conduct the TIGER/USPS cooperative project ($5,500,000) and Boundary and Annexation Survey ($500,000); and begin the Computer Assisted Survey Information Collection (CASIC) program ($8,000,000). With this proposal, the Bureau is still absorbing approximately $2 million for the locality pay increase in the Periodic Censuses and Programs appropriation. We will achieve this absorption by cost cutting.

Funds recovered from recoveries of prior year obligations were applied to the program priorities of the Bureau.

QUESTION:

Since you anticipate significantly more recoveries in FY94, giving you more money than you originally anticipated in your FY95 request, can we reduce your FY95 request? If not, why?

ANSWER:

Even with the windfall in recoveries of prior year obligations, Census Bureau obligational authority in FY 1994 was still $7 million less than our budget request to Congress. Recoveries of prior year obligations in FY 1994 were used to provide the basis and infrastructure for our FY 1995 program level, not to expand it. We believe and we expect that the GAO will verify that there are no additional windfalls expected in FY 1995. Significant reductions from our FY 1995 budget request would substantially harm both our current programs and our preparation for the 2000 decennial census.

Content of the 2000 Census

QUESTION:

Your 1995 test will be testing a questionnaire that only includes the 17 questions statutorily mandated, and will test alternative measures to collect data not included on the questionnaire.

What has been the reaction of the user community to your plans for the 1995 test?

What actions can we take to sell the Congress and the user community on these changes so that we avert a repeat of the 1990 Census where efforts to reduce the number of questions failed due to lobbying by the user community?

ANSWER:

As of our report to Congress in January 1994, our preliminary evaluation of legislative requirements indicated that 17 population and housing questions appeared specifically to be mandated by Federal statute. After a review by legal staff at the Department of Commerce and subsequent additional documentation provided by Federal Departments and Agencies, the number of mandated questions increased to 24. There are an additional 26 questions that are the only or historical source for data required by Federal statute. We plan to include these 50 mandatory and required questions, plus the inquiry on the respondent's name in the 1995 Census Test, for a total of 51 content questions. We will not include on 1995 questionnaires 6 questions that were not directly or indirectly mandated, but are used for program implementation or evaluation. There will be additional "coverage" questions needed to assure adequate coverage of the population.

We have noted in response to a separate inquiry from the Appropriations Subcommittee that we do not intend to ask all the sample questions of all sample households. As part of our multiple sample forms test, we will use three long (sample) forms with varying numbers of sample questions. All 3 sample forms will include the 7 short-form questions. The "short" long form will contain 8 sample questions. The "medium" long form will contain all the "short" long form items and 19 additional questions (27 sample questions total). The "comprehensive" form will include all sample items (44 sample questions total). We are conducting this test to determine the feasibility of using a matrix sampling design in the 2000 census.

Regarding reactions from the user community to our content plans for the 1995 Census Test, users have expressed anxiety that reduced content in the 1995 test implies reduced content for the 2000 census. We have emphasized to users that: 1) the 1995 test is not a content test of the 2000 census questionnaire and 2) our content determination process - involving the Congress, the Federal sector, and the non-Federal data users, including state and local governments - will determine 2000 census content.

We believe that an open process involving key stakeholders is a critical component to the success of the content determination process. Also critical is an understanding by all participants of the limitations (both budgetary and statutory) and trade-offs that are inherent in such a process. Within this context there is the possibility that participants can come to a reasonable agreement on the scope of census content and on the feasibility of possible alternative data collection methodologies, such as Continuous Measurement.

QUESTION:

Should Congress be considering legislation to cut the number of statutorily mandated questions down from 17?

Will you be recommending any legislative changes?

ANSWER:

The decennial census is a general-purpose data collection effort reflecting the Nation's data needs. Direct or indirect requirements imposed by Federal statutes support the inclusion of most of the questions that appear on the census form. As of our report to Congress in January 1994, our preliminary evaluation of legislative requirements indicated that 17 population and housing questions appeared specifically to be mandated by Federal statute. After a review by legal staff at the Department of Commerce and subsequent additional documentation provided by Federal Departments and Agencies, the number of mandated questions increased to 24. There are an additional 26 questions that are the only or historical source for data required by Federal statute.

The Secretary of Commerce will submit the proposed topics for the 2000 decennial census to Congress for review and approval April 1997. Continuing now and until this date, the content determination process will be underway. Until this process is complete, it would be premature for us to consider any legislative changes explicitly reducing statutorily mandated content. We agree that any legislative change should originate from the Congress.

Cost Containment for the 2000 Census

QUESTION:

The Bureau has established the goal of containing the costs of the 2000 Census. Does the Bureau have an operational definition of this goal?

ANSWER:

Our goal with respect to cost containment is that the cost of the 2000 decennial census will be less than the 1990 census, adjusting for inflation and increased population.

The 1995 Census Test provides an important opportunity for the Census Bureau to test 15 proposed fundamental changes to the way the census has been conducted in the past. These fundamental changes support the two most important objectives of the 2000 census: reducing the differential undercount and reducing cost. Of the new operations we will test next year, the following will focus on reducing cost:

- We will use an easy-to-fill-out questionnaire with multiple mail contacts to improve response.
- We will mail Spanish language questionnaires to areas with large concentrations of Spanish-speaking households.*

- We will develop cooperative ventures with other Federal agencies; state, local, American Indian Tribal, and Alaska Native Village governments; and private and nonprofit organizations to form partnerships in taking the census.*
- We will evaluate our initial efforts to compile and maintain an address list and geographic files in cooperation with the USPS and state, local, American Indian Tribal, and Alaska Native Village governments.*
- The USPS will identify vacant housing units or mistakes on our address list.
- We will use sampling and estimation procedures to reduce the differential undercount and the cost of the census.*
- We will use new technologies to contact persons or to allow them to contact us.
- We will develop a new data capture system using electronic imaging.
- We will experiment with collecting sample (long form) data using multiple sample forms.

*NOTE: These and other procedures also have the potential to reduce the differential undercount.

QUESTION:

What is the current estimate of the cost to conduct the year 2000 census? What efforts are you taking to control costs, and how is this reflected in your request?

ANSWER:

We will not know the estimated cost of the 2000 census until the design is selected subsequent to the 1995 Census Test and its evaluation. One of the two overriding goals of the Year 2000 census and the 1995 Census Test is to contain the cost of the census. This census test will yield data on costs and potential savings from the proposed major changes in census operations and processes which are expected to yield significant cost savings. (These changes are noted in the previous questions.) The FY 1995 budget request for the 1995 Census Test is $28,997,000. To support this effort we have built sophisticated automated cost models to investigate census design alternatives and operational improvements that will ensure a cost effective census. These models utilize thousands of equations to depict the census and its operational relationships. The 1995

Census Test will generate new input for our cost models. The cost modeling program in 1995 ($771,000) will utilize the models to evaluate the potential savings of each proposed major change designed to reduce census costs, based on 1995 test results.

QUESTION:

Your February report to the Congress on the status of your planning efforts for the 2000 census listed a number of changes you will be testing in the 1995 Test Census that would reduce costs.

Do you have an estimate of the potential savings from each of these proposed changes?

How will potential cost savings factor in to your decisions as you evaluate the results of the 1995 test and make decisions on a final design for the 2000 Census?

ANSWER:

Using complex automated cost models, we have estimated the following ranges of savings had these operational changes--similar to ones we are testing in 1995--been utilized successfully in the 1990 census:

The Use of Sampling Nonrespondents to Reduce Census Costs--a savings of from $300 to $650 million. The lower estimate assumes a 50 percent sample for nonresponse followup for a census design otherwise similar to 1990. The higher estimate assumes a 1-in-4 sample of nonrespondents in the census and also assumes fewer district offices would be needed than we actually utilized in 1980, due to a substantial work load reduction.

Respondent-Friendly Questionnaire Design and Implementation Methods--a savings of from $15 to $25 million due to questionnaire design and mailing package formats that are much easier for respondents to understand and complete, and notifications for alerting and reminding respondents to complete the forms.

Using the Postal Service to Identify Vacant and Nonexistent Housing Units--a savings of from $121 to $165 million.

Collecting Sample Data Using Multiple Sample Forms--the potential savings are from $0 to $46 million depending primarily on the sampling rate and on the production rates in selected data collection and data processing operations.

The above numbers are estimates which will be refined after we evaluate the 1995 Census Test. In each case we express the cost change as a range. These costs reflect changes to individual operations and do not show the combined effect of multiple changes which may not be additive.

We are also relying on the 1995 Census Test to help us quantify cost implications of the other potential design changes which may reduce cost, such as the mailout of Spanish-language questionnaires, the automation of data collection, the Data Capture System for the 2000 census, and cooperative ventures.

The Census Bureau is firmly committed to our goal of reducing the cost of future censuses. To support this effort we have designed and built highly complex automated cost models to investigate the impacts of potential changes on census costs. For each operational change in the 1995 test we will collect measures of resource requirements, such as productivity rates, work loads, and other cost measures. We will employ these values in our models to estimate their impacts on total census costs. While our goal of reducing the differential undercount will increase our costs for some operations, the many potential cost-saving innovations we are testing will receive close scrutiny, with their cost evaluations made available for analysis and decision-making, in our effort to control the cost of the next census.

Questions Submitted by Congressman Moran

Supercomputer

QUESTION:

I understand the Census Bureau is seeking funds to purchase a supercomputer for the newly constructed facility at the University of Maryland.

What is the status of this proposal? What funds have you requested so far?

Why exactly does the Bureau need the supercomputer capacity?

Why is the computer center facility being constructed in Bowie, MD rather than at the Bureau's Suitland campus?

If the Bureau is able to access the computer off-site, wouldn't it be able to access the system in Charlotte, North Carolina which could be upgraded at a much lower cost?

ANSWER:

The Census Bureau is not seeking funds for a specific "supercomputer." Rather, we are evaluating a range of computing systems that the industry terms "High Performance Computing (HPC)." These include not only the traditional "supercomputers" made by companies like Cray and CDC, but also parallel processors and extremely powerful workstations.

Advanced Resources Technologies, Inc. (ARTI) recently completed a study assessing the applicability of HPC to the Bureau's mission objectives. Some of the most prominent applications include:

- Automated coding of industry, occupation, and product classifications used in a variety of programs, including the Decennial Census, the Economic Censuses, and the Current Population Survey.
- Detecting duplicate records received during processing of the Decennial Census.
- Providing direct access to census data for public organizations and individuals.
- Generating the millions of maps required for support of census and survey operations.
- Performing the core statistical tabulations for the 2000 decennial census with greater throughput,

quicker turnaround, and, most importantly, greater flexibility to adjust the analysis as it proceeds.

ARTI also recommended the following priority sequence for further study:

- Vector processing systems.
- Reduced instruction set computing (RISC) workstations.
- Asynchronous Transfer Mode (ATM) networking.
- Massively parallel systems based on the multiple-instruction-multiple-data (MIMD) model.
- Massively parallel systems based on the single-instruction-multiple-data (SIMD) model.
- Symmetric multiprocessing RISC systems.

We are working with the Department of Commerce's Office of Administration to evaluate vector processing and high performance workstations. Prototype testing of this approach will cost about $400,000. The information and experience gained should help us greatly in determining how to proceed. On the assumption that the Bureau decides to move beyond the prototype phase to a small vector system and associated suite of RISC workstations, the Bureau will have to request additional funds from Congress in the FY 1996 budget cycle.

The new center is being constructed in Bowie upon the recommendation of GSA. The Bureau has an interest in working closely with the University of Maryland to enhance our information technology research and development. While the Bureau is in the process of developing information to document the advantages of relocating the Bureau's principal data processing operations to Bowie and establishing some sort of collaborative research arrangement with the University of Maryland, the Bureau has not yet received approval from the Department of Commerce for either of these steps.

The Suitland campus is not a cost effective renovation option. Expansion of the Charlotte facility, which is leased, would preclude the beneficial relationship with the University of Maryland.

The Bureau's entire headquarters Information Technology staff and key program customers reside in the Washington Metropolitan area. Even though communications to remote sites are quite powerful, management oversight would be complicated and risky if our sole processing facility were outside this area.

1995 Test Census

QUESTION:

The biggest concern with the 1990 census was the inaccuracy and the disparity in the rate of inaccuracies in different areas. If each small group is miscounted at an equal level, then the census is bad, but redeemable. The 1990 undercount, however, most impacted minorities, both urban and rural, and high growth states. Blacks were undercounted at a rate of 4.8% or more than 1.5 million people. Hispanics were undercounted at a rate of about 5.2% or more than 1.2 million people.

In conducting the 1995 test, what efforts will be made to address the specific problems in the 1990 census?

Will you test the census in high minority areas, in rural areas, and in high growth areas, as well as more established communities?

ANSWER:

Over the years, the Bureau continually has made improvements in the counting methodology. However, the rising cost and the persistent inaccuracy has caused the Census Bureau to develop another approach to the census which is to use a combination of counting with sampling and statistical estimation to measure the size of the population. The combination of sampling and statistical estimation improves accuracy and helps control the cost of the census. The test plans include sampling the nonrespondents to the mail questionnaires. The Census Bureau will not try to contact all the nonrespondents. This methodology will lower the cost of the census. Any error remaining after the followup of the sample of nonrespondents may be estimated through statistical methods. The results of this estimation will be incorporated into the final census numbers. The end result is known as integrated coverage measurement (ICM). The ICM method improves accuracy by reducing the differential undercount.

In addition to utilizing the ICM methodology to reduce the differential undercount, the 1995 test will incorporate the following new methods to improve counting of these populations and areas that are historically undercounted:

- We will use revised questions to ensure a complete listing of household members.

- We will mail Spanish language questionnaires to areas with large concentrations of Spanish-speaking households.*

- We will make census questionnaires available at convenient locations for those who did not receive a questionnaire or feel they were not counted.

- We will use special targeted methods to count historically undercounted populations and geographic areas.

- For counting persons with no usual residence, we will use a method that utilizes the places where homeless persons obtain services.

- We will study various ways that administrative records can be used to identify persons missed in the census.

- We will develop cooperative ventures with other Federal agencies; state, local, American Indian Tribal, and Alaska Native Village governments; and private and nonprofit organizations to form partnerships in taking the census.*

- We will evaluate our initial efforts to compile and maintain an address list and geographic files in cooperation with the U.S. Postal Service and state, local, American Indian Tribal, and Alaska Native Village governments. *

- We will use "real-time" automated matching to improve census coverage.

*NOTE: These and other procedures also have the potential to reduce cost.

Currently the Bureau is planning to test this combination of counting and estimation in the 1995 Census Test which is being conducted in four locations: New Haven, Connecticut; Paterson, New Jersey; Oakland, California; and six parishes in northwest Louisiana. The first three are urban sites, and the Louisiana site is rural. The site selection criteria reflected the characteristics associated with the problem of the differential undercount: percentage of the population which is Black, Hispanic, or Asian/Pacific Islander, percentage of structures with 2-9 housing units, percentage in poverty, 1990 census mail response rate, and percentage rental units.

THURSDAY, APRIL 14, 1994.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

WITNESSES

LARRY IRVING, ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION

GAY SHRUM, BUDGET OFFICER

MARK E. BROWN, DIRECTOR, OFFICE OF BUDGET

Mr. MOLLOHAN. The next item we will consider this morning is the fiscal year 1995 budget request for the National Telecommunications and Information Administration of the Department of Commerce. The request totals $133,957,000, including $22,203,000 for Salaries and Expenses; $10,748,000 for the Public Broadcasting Facilities Planning and Construction program; $1,006,000 for the Endowment for Children's Television; $100,000,000 for the Information Infrastructure Grant program.

The request is, in total, an increase of $63,030,000 over the amounts provided to NTIA in fiscal year 1994. We will insert the justification materials submitted in support of this request into the record at this point.

[The justifications follow:]

Exhibit 1

DEPARTMENT OF COMMERCE
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
Budget Estimates, Fiscal Year 1995
President's Submission
Table of Contents

Exhibit Number	Exhibit	Page Number
2	Organization Chart	NTIA- 1
3	Executive Summary	NTIA- 3
National Information Infrastructure		
5	Summary of resource requirements	NTIA- 11
7	Summary of financing	NTIA- 13
8	Adjustments to base	NTIA- 14
9	Justification of adjustments to base	NTIA- 15
10	Program and Performance: direct obligations	NTIA- 17
12	Justification of program and performance	NTIA- 18
13	Increase for 1995	NTIA- 22
14	Program change personnel detail	NTIA- 25
15	Program change detail by object class	NTIA- 26
16	Summary of requirements by object class	NTIA- 27
17	Detailed requirements by object class	NTIA- 29
33	Appropriation language and code citations	NTIA- 32
34	Consulting and related services	NTIA- 33
35	Periodicals, pamphlets and audiovisual products	NTIA- 34
36	Average grade and salary	NTIA- 35

Salaries and Expenses

5 Summary of resource requirements .... NTIA- 37
7 Summary of financing .... NTIA- 39
8 Adjustments to base .... NTIA- 40
9 Justification of adjustments to base .... NTIA- 41
10 Program and Performance: direct obligations .... NTIA- 48
12 Justification of program and performance (Domestic Policies) .... NTIA- 49
12 Justification of program and performance (International Policies) .... NTIA- 52
10 Program and Performance: direct obligations .... NTIA- 58
12 Justification of program and performance (Spectrum Plans and Policies) .... NTIA- 59
12 Justification of program and performance (Spectrum Management, Analysis and Operations) .... NTIA- 64
13 Increase for 1995 .... NTIA- 71
14 Program change personnel detail .... NTIA- 76
15 Program change detail by object class .... NTIA- 77
14 Program change personnel detail .... NTIA- 78
15 Program change detail by object class .... NTIA- 79
10 Program and Performance: direct obligations .... NTIA- 80
12 Justification of program and performance (Spectrum Research and Analysis) .... NTIA- 81
12 Justification of program and performance (Systems and Networks Research and Analysis) .... NTIA- 86
13 Administrative Savings for 1995 .... NTIA- 91
15 Program change detail by object class .... NTIA- 92
13 FTE Savings for 1995 .... NTIA- 93
14 Program change personnel detail .... NTIA- 94
15 Program change detail by object class .... NTIA- 95
16 Summary of requirements by object class .... NTIA- 96
17 Detailed requirements by object class .... NTIA- 98
33 Appropriation language and code citations NTIA-101
34 Consulting and related services NTIA-102
35 Periodicals, pamphlets and audiovisual products NTIA-103
36 Average grade and salary NTIA-104

Public Broadcasting Facilities, Planning and Construction

5 Summary of resource requirements NTIA-105
7 Summary of financing NTIA-107
8 Adjustments to base NTIA-108
9 Justification of adjustments to base NTIA-109
10 Program and Performance: direct obligations NTIA-113
12 Justification of program and performance NTIA-114
13 Decrease for 1995 . . . . NTIA-118
15 Program change detail by object class NTIA-119
13 Administrative Savings for 1995 . . . . NTIA-120
15 Program change detail by object class NTIA-121
16 Summary of requirements by object class NTIA-122
17 Detailed requirements by object class NTIA-124
33 Appropriation language and code citations NTIA-127
34 Consulting and related services NTIA-128
35 Periodicals, pamphlets and audiovisual products NTIA-129
36 Average grade and salary NTIA-130

Endowment for Children's Educational Television

5 Summary of resource requirements NTIA-131
7 Summary of financing NTIA-133
8 Adjustments to base NTIA-134
9 Justification of Adjustments to base NTIA-135
10 Justification of Program and Performance: direct obligations NTIA-136
12 Justification of program and performance NTIA-137
16 Summary of requirements by object class NTIA-141
17 Detailed requirements by object class NTIA-143
33 Appropriation language and code changes NTIA-146
34 Consulting and related services NTIA-147
35 Periodicals, pamphlets and audiovisual products NTIA-148
36 Average grade and salary NTIA-149

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

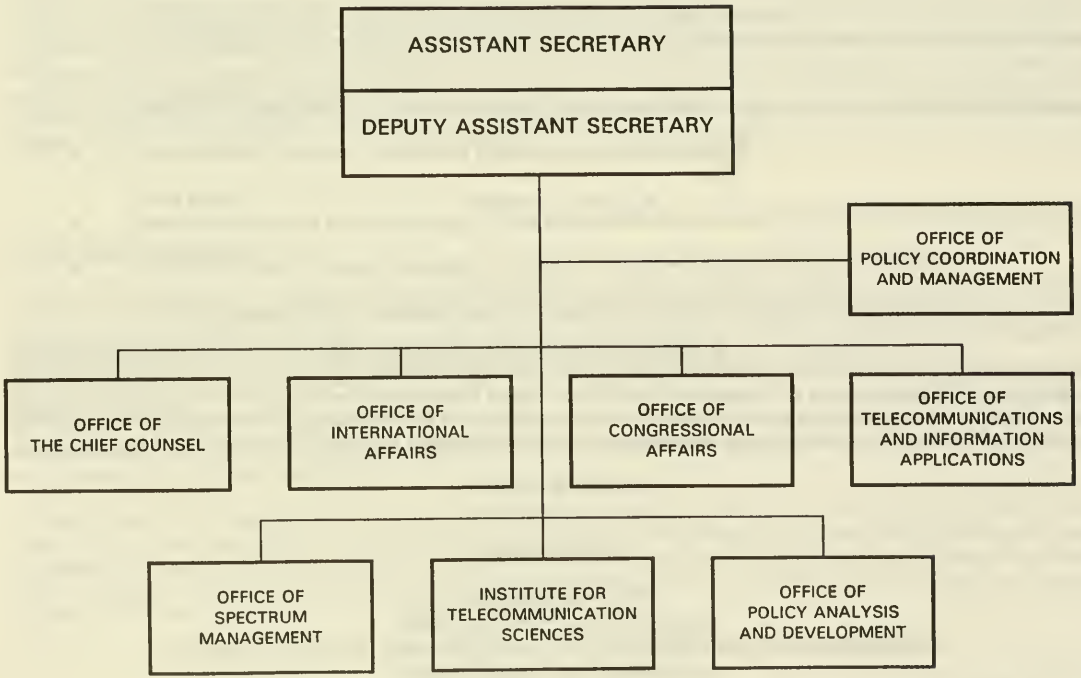

ASSISTANT SECRETARY
DEPUTY ASSISTANT SECRETARY
OFFICE OF POLICY COORDINATION AND MANAGEMENT
OFFICE OF THE CHIEF COUNSEL
OFFICE OF INTERNATIONAL AFFAIRS
OFFICE OF CONGRESSIONAL AFFAIRS
OFFICE OF TELECOMMUNICATIONS AND INFORMATION APPLICATIONS
OFFICE OF SPECTRUM MANAGEMENT
INSTITUTE FOR TELECOMMUNICATION SCIENCES
OFFICE OF POLICY ANALYSIS AND DEVELOPMENT

Exhibit 3

DEPARTMENT OF COMMERCE
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
Budget Estimates, Fiscal Year 1995
President's Submission

Executive Summary

Goals of the Program

The National Telecommunications and Information Administration (NTIA) is responsible for the development and presentation of domestic and international telecommunications and information policy for the Executive Branch, for ensuring the efficient and effective use of the Federal radio spectrum, for performing state-of-the-art telecommunications research, engineering, and planning, and for administering the federal programs that support telecommunications facilities for education, health care, and other social services, and the development of children's educational television programming. The FY 1995 budget request will support NTIA's primary goals of:

- Supporting the development of a National Information Infrastructure that will be accessible to all Americans;

- Promoting increased competition and efficient investment in telecommunications and information industries;

- Advocating international telecommunications policies that will help open international markets and promote the interests of the United States;

- Setting policies for effectively managing the Federal use of the radio spectrum;

- Engaging in technical research to improve telecommunications system planning, design, and evaluation and to support government and industry efforts in these areas; and

- Managing the Public Broadcasting Facilities Program (PBFP), formerly known as the Public Telecommunications Facilities Program (PTFP), and the National Endowment for Children's Educational Television.

Environmental Assumptions

The telecommunications and information industries are vital to the future of the United States. NTIA's budget proposal directly supports the Department of Commerce mission to ensure and enhance long-term economic opportunity and a rising standard of living for all Americans by working with the private sector to enhance technological development and commercialization. Specifically, NTIA's mission is to ensure the development of a 21st century telecommunications and information infrastructure that serves the needs of all Americans and enhances the competitiveness of U.S. industry in the global marketplace. In carrying out this mission, NTIA will work with the private sector and regulators and public officials in government to promote policies that stimulate private investment, create new job opportunities for U.S. citizens, reduce needless regulatory oversight, encourage improved use of radio spectrum, lead to better delivery of social services through telecommunications, provide U.S. leadership in international telecommunications standards-setting forums and trade negotiations, and ensure that the latest technological advances are applied to develop the world's best telecommunications and information infrastructure.

Statement of Objectives

Information Infrastructure Grants

NTIA will be a key player in the development of the National Information Infrastructure (NII) program initiated by the Administration in FY 1994. NTIA will administer the Information Infrastructure Grants program to provide grants to assist state and local governments, universities and school systems, hospitals and other health care providers, and other social service entities to purchase equipment, develop new applications and undertake the planning needed to ensure effective development of the telecommunications and information infrastructure.

Salaries and Expenses

The Salaries and Expenses appropriation supports four major activities: domestic policy, international policy, spectrum management, and telecommunications research and engineering.

The range of domestic telecommunications policy issues is broad and increasingly complex, reflecting the rapid technical and economic changes in the telecommunications marketplace. NTIA's domestic policy activities focus on improving the way communications services and products are provided to the public. The relative importance of current domestic telecommunications and information policy issues are continually evaluated to determine the highest priority items for immediate Executive Branch attention. Legislative initiatives and Federal Communications Commission (FCC) dockets also influence NTIA domestic policy activities.

In the international area, NTIA develops and advocates regulatory and technical policies that will improve the international competitiveness of the U.S. telecommunications industry and the ability of U.S. businesses and consumers to have access to high-quality, reasonably-priced international services. NTIA will continue to develop international policies that promote effective competition, including a diversity of facilities and services, and open markets for U.S. service providers and equipment suppliers. Telecommunications standards will continue to provide the basis for U.S. equipment manufacturers and service providers to compete in global markets. NTIA's continuing participation in domestic and international standards-setting forums also strengthens the competitiveness of U.S. telecommunications and information services.

As the manager of Federal radio frequency spectrum, NTIA must ensure that all government needs for vital telecommunications services can be satisfied, nationally and internationally. In light of technological growth, the advent of new satellite technology, unprecedented demands on the allocation of spectrum, the need for more rapid communications, and the transfer of large volumes of information, the national and international uses of spectrum have increased and are expected to continue to increase dramatically.

NTIA's telecommunications research and engineering is designed to keep the United States at the forefront of telecommunications technology and ensure that American firms have the technical knowledge available to stimulate product development and service provision. Research is directed toward improving the understanding of radio-wave transmission to enhance spectrum utilization and the performance of radio communication systems. This research results in spectrum use concepts and models that lead to more efficient industry and government use of the radio frequency spectrum and electromagnetic wave and propagation models that lead to improvements in radio system performance. NTIA also performs studies directed toward developing domestic and international telecommunications performance standards, assessing the performance of industry and government telecommunications networks, and evaluating new technologies for applications for future needs. These activities facilitate competition in the U.S. telecommunications industry, promote international trade opportunities for U.S. telecommunications firms, and improve the cost effectiveness of government telecommunications use.

Public Broadcasting Facilities, Planning and Construction

The Public Broadcasting Facilities, Planning and Construction appropriation supports two program activities: 1) the Public Broadcasting Facilities Program (PBFP), and 2) the Pan-Pacific Educational and Cultural Experiments by Satellite (PEACESAT) Program. In administering PBFP, NTIA undertakes to ensure that the educational and cultural benefits of public broadcasting are available to as many people as possible, educational entities are able to use a variety of telecommunications technologies to improve the effectiveness of distance learning, minorities and women have increased access and control of public telecommunications, and blind and hearing-impaired persons are able to participate more fully in society through the use of telecommunications. NTIA also monitors over $200 million in grants that are currently within the 10-year Federal interest period. The PEACESAT program provides educational, medical, and cultural telecommunications services to many Pacific island nations.

Endowment for Children's Educational Television

NTIA also administers the National Endowment for Children's Educational Television (NECET). NECET awards grants to support the creation and production of television programming specifically directed toward the development of children's fundamental intellectual skills. A ten-member advisory council, composed of individuals with experience in the field of children's television programming, research, and other related fields, has been established to advise the Secretary of Commerce on matters directly related to the administration of NECET.

Summary of Proposed Increases

NTIA's FY 1995 budget initiatives are focused on improving the quality of telecommunications provided to the public and private sectors. The initiatives not only complement the NTIA mission and Secretary Brown's vision for the Department of Commerce, but also enhance the demonstrated capabilities and responsibilities of NTIA, as well as benefit the people and economy of the United States. The following are summaries of the proposed FY 1995 initiatives:

- **Information Infrastructure Grants ($74 million, 13 FTE)**
- **Federal Government Spectrum Management Information Infrastructure ($810 thousand, 3 FTE)**
- **Accommodating Users of Government Spectrum ($656 thousand, 1 FTE)**

• Information Infrastructure Grants

In FY 1994, the Administration requested funding to begin development of the NII to serve the needs of all Americans. A key ingredient to the successful implementation of the NII is to provide educators, health care and other social service providers with access to the benefits of the NII. Public service entities need to develop the capabilities that will enable them to connect into the NII to take full advantage of increasingly sophisticated telecommunications and information technologies. The FY 1995 funding will assist state and local governments, universities and school systems, and hospitals and other health care providers to purchase equipment and continue the planning necessary to establish new systems, enhance existing telecommunications networks and interconnect existing systems. Advanced telecommunications systems will, in turn, help to improve education at all levels, improve the delivery of health care (particularly to rural areas), and allow ordinary citizens greater access to information resources throughout the country.

In addition, NTIA is seeking legislative authority to allow NTIA to use up to 5 percent of the funds appropriated for the Information Infrastructure Grants program for supporting research. NTIA relies heavily on its research laboratory in Boulder, Colorado, the Institute for Telecommunication Sciences, to provide the technical background necessary to formulate sound policy options. NTIA will facilitate NII development and industry-led standards-setting through performance experiments and testbed evaluations. NTIA efforts will help to ensure the development of standards that will permit interoperability and interconnection of networks and information services.

- **Federal Government Spectrum Management Information Infrastructure**

The rapid growth of radiocommunications in the private, Federal, national, and international sectors has increased the need for more efficient use of the spectrum. In response, NTIA must develop and implement communications, computer, and electronic processing capabilities that would provide a secure two-way communications highway between NTIA and all major Federal spectrum users. At the same time, NTIA can design a desktop spectrum management system that will assist NTIA in managing the spectrum and that can be used to demonstrate basic spectrum management principles to spectrum managers of other countries, provide a fundamental building block for establishing automated spectrum management systems for other countries, and assist other Federal agencies in managing the spectrum.

- **Accommodating Users of Government Spectrum**

Emerging radiocommunications technologies hold significant promise for providing new, highly marketable consumer services. Enactment of Public Law 103-66 amended NTIA's Organization Act (47 U.S.C. 901 et seq) and requires the Secretary of Commerce to identify and recommend bands of frequencies currently allocated primarily for Federal Government use that can be made available for use by the private sector to realize the potential of these emerging technologies. NTIA will assist displaced government users in reaccommodating to other parts of the spectrum, and, at the same time, improving the efficiency and effectiveness of spectrum use.

Summary of Performance and Resources

- Performance

Information Infrastructure Grants:

Information Infrastructure Grants -- NTIA will fund grants to assist states, local government, universities and school systems, health care providers, and other entities to ensure the effective development of the telecommunications infrastructure.

Salaries and Expenses:

Domestic Policies -- NTIA will study major telecommunications issues, file comments with the FCC, develop Administration policy recommendations, make contributions to interagency and interdepartmental policy development, present Administration telecommunications proposals to industry and the public, and participate in telecommunications industry conferences.

International Policies -- NTIA will continue to provide leadership in developing policies and representing U.S. interests at international meetings.

Spectrum Plans and Policies -- NTIA will participate in domestic and international radiocommunication meetings and forums to help ensure the efficient, effective, and equitable distribution of the spectrum.

Spectrum Management, Analysis and Operations -- NTIA will process frequency assignment requests, complete systems reviews, and perform in-depth analysis of spectrum use to ensure efficient and effective use of the spectrum.

Spectrum Research and Analysis -- NTIA will conduct spectrum analysis studies of the characteristics of radio wave transmission to enhance spectrum utilization and the performance of radiocommunications systems.

Systems and Networks Research and Analysis -- NTIA will evaluate specific performance parameters and operational characteristics of selected government and private sector telecommunications networks.

Public Broadcasting Facilities, Planning and Construction:

Public Broadcasting Facilities Program -- NTIA will continue to fund grants to support the extension of public broadcast signals to unserved areas, expand the variety and reach of telecommunications services and facilities serving educational needs, increase the number of public telecommunications services and facilities available, operated, and owned by minorities and women, and enhance the participation in society of disabled Americans through telecommunications.

Pan-Pacific Educational and Cultural Experiments by Satellite (PEACESAT) -- NTIA will continue its support for PEACESAT so that U.S. interests in the Pacific remain visible for many years through the PEACESAT project.

Endowment for Children's Television:

National Endowment for Children's Educational Television -- NTIA will fund grants to increase the pool of programs available to children 16 years and under to improve fundamental intellectual skills.

- Resources (dollar amounts in thousands)

	1994 Appropriation		1995 Estimate		Increase/Decrease	
	FTEs	Amount	FTEs	Amount	FTEs	Amount
Information Infrastructure Grants	14	$26,000	27	$100,000	+13	+$74,000
Salaries and Expenses	219	$19,927	226	$22,203	+7	+$2,276
Public Broadcasting Facilities, Planning and Construction	15	$24,000	15	$10,748	0	-$13,252
Endowment for Children's Educational Television	1	$1,000	1	$1,006	0	+6
Total, NTIA	249	$70,927	269	$133,957	+20	+$63,030

08-Feb-94

Exhibit 5

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Budget Authority	FTE	Direct Obligations
	Apppropriation Available, 1994	14	26,000	14	26,000
	less: Obligations from prior years				
	plus: 1995 adjustments to base	0	119	0	119
	less: Prior year recoveries		0		0
	1995 Base	14	26,119	14	26,119
	less: Administrative Savings	0	0	0	0
	less: FTE Savings	0	0	0	0
	plus: 1995 Program changes	17	73,881	13	73,881
	1995 Estimate	31	100,000	27	100,000

Page No.	Comparison by activity/subactivity with totals by activity:		1993 Actual Personnel	1993 Actual Amount	1994 Currently Available Personnel	1994 Currently Available Amount	1995 Base Personnel	1995 Base Amount	1995 Estimate Personnel	1995 Estimate Amount	Increase/ (Decrease) Over 1995 Base Personnel	Increase/ (Decrease) Over 1995 Base Amount
NTIA-17	Information Infrastructure Grants											
	Grants	Pos./BA	0	0	0	24,000	0	24,000	0	91,593	0	67,593
		FTE/Obl.	0	0	0	24,000	0	24,000	0	91,593	0	67,593
	Program Management	Pos./BA			14	2,000	14	2,119	31	8,407	17	6,288
		FTE/Obl.	0	0	14	2,000	14	2,119	27	8,407	13	6,288
	Total	Pos./BA	0	0	14	26,000	14	26,119	31	100,000	17	73,881
		FTE/Obl.	0	0	14	26,000	14	26,119	27	100,000	13	73,881
	Adjustments for:											
	Recoveries											
	Unobligated balance, start of year											
	Unobligated balance transfered											
	Unobligated balance, end of year											
	Unobligated balance, expiring											
	Financing from transfers:											
	Transfers from other accounts (−):			0		0		0		0		0
	Transfers to other accounts (+):			0		0		0		0		0
	Appropriation			0		26,000		26,119		100,000		73,881

18-Feb-94

Exhibit 7

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
Total Obligations	0	26,000	26,119	100,000	73,881
Offsetting collections from:					
Federal funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	0	0	0	0	0
Unobligated balance, start of year	0	0	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	0	0	0	0	0
Unobligated balance lapsing	0	0	0	0	0
Budget Authority	0	26,000	26,119	100,000	73,881
Financing:					
Transfer from other accounts (-)	0	0	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	0	26,000	26,119	100,000	73,881

18–Feb–94

Exhibit 8

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Other Changes:		
Pay Raises:		
1994 locality pay	0	43
1995 pay raise	0	12
Within–grade step increases	0	24
One less compensable day	0	(3)
Health Insurance	0	5
Rental payments to GSA	0	31
Printing and reproduction	0	2
Other Services:		
Working Capital Fund	0	1
Supplies and materials	0	1
Equipment	0	3
Total adjustments to base	0	119

Exhibit 9

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
Justification of Adjustments to Base
(Dollar amounts in thousands)

Other Changes:		FTE	Amount
Pay Raises: Full-year cost of 1994 locality pay increase and related costs.			
1994 locality pay		0	43
A locality pay raise was implemented in January 1994.			
Total cost in 1995 of 1994 locality pay raise	$ 39,000		
Less amount funded in 1994	0		
Less amount absorbed	0		
Amount requested in 1995 to provide full-year cost of 1994 locality pay raise	$ 39,000		
Payment to Working Capital Fund	4,000		
Total adjustment for 1994 locality pay raise	$ 43,000		
1995 pay increase and related costs		0	12
The 1995 President's budget assumes a general pay raise of 1.6 percent to be effective January 1, 1995.			
Total cost in 1995 of pay increase	$ 11,000		
Less amount absorbed in 1995	0		
Amount requested for 1995 pay increase	$ 11,000		
Payment to the Working Capital Fund	1,000		
Total adjustment for 1995 pay increase	$ 12,000		
Within-grade step increases		0	24
An increase of $24,414 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 1995.			
Estimated number of within-grade step increases	13		
Step increases not earned due to turnover (0.0% x 13)	0		
Average step above step 1 per separation	0		
Average cost per within-grade step increase	$ 1,530		

		FTE	AMOUNT
Gross cost of scheduled step increases ($1,530 X 13)	19,890		
Less savings due to separations ($1,530 x 0 x 0)	- 0		
Subtotal personnel compensation	$ 19,890		
Benefits	+ 4,524		
Total adjustment-to-base	$ 24,414		
One less compensable day The decreased cost of one less compensable day in FY 1995 compared to FY 1994 is calculated by dividing the 1994 estimated personnel compensation ($681,000) and applicable benefits ($139,000) by 261 compensable days. The decreased cost of one less compensable day is ($3,142).		0	(3)
Health Insurance Effective January 1993, NTIA's contribution to Federal employee's health insurance premiums increased by 7.9%. Applied against the 1993 estimate of $61,000, the additional amount required is $4,819.		0	5
Rent Payments to GSA GSA has provided an estimate of $154,000 for charges in FY 1995. This represents an increase of $31,000 over the 1994 estimate of $123,000.		0	31
Printing and reproduction The Government Printing Office (GPO) has provided an estimated rate increase of 3.0%. This percentage was applied to the FY 1994 estimate of $50,000 to arrive at an increase of $1,500.		0	2
Other Services An additional $1,000 is required to fund cost increases in the Departmental Working Capital Fund to maintain the current level of operations.		0	1
Supplies and materials Based on the GNP deflator of 2.8%, the cost of supplies and materials is expected to increase by $1,400 from the 1994 estimate of $50,000.		0	1
Equipment Based on the GNP deflator of 2.8%, the cost of equipment is expected to increase by $3,080 from the 1994 estimate of $110,000.		0	3
TOTAL		0	119

08-Feb-94

Exhibit 10

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Information Infrastructure Grants
Subactivity: Information Infrastructure Grants

Line Item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Grants	Pos./BA.	0	0	0	24,000	0	24,000	0	91,593	0	67,593
	FTE/Obl.	0	0	0	24,000	0	24,000	0	91,593	0	67,593
Program Management	Pos./BA.	0	0	14	2,000	14	2,119	31	8,407	17	6,288
	FTE/Obl.	0	0	14	2,000	14	2,119	27	8,407	13	6,288
Total	Pos./BA.	0	0	14	26,000	14	26,119	31	100,000	17	73,881
	FTE/Obl.	0	0	14	26,000	14	26,119	27	100,000	13	73,881

Exhibit 12

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: **Information Infrastructure Grants**
Subactivity: **Information Infrastructure Grants**

Goal Statement

The Administration supports the development of a National Information Infrastructure (NII), which will ultimately interconnect the nation's businesses, residences, schools, health care facilities, and other public information and social service providers through broadband interactive telecommunications networks. A key ingredient to successful implementation of the NII is to provide access to all Americans. Public service entities need to develop the capabilities that will enable them to connect to the NII to take full advantage of increasingly sophisticated telecommunications and information technologies. NTIA funding to assist state and local governments, universities and school systems, hospitals and other health care providers, and other entities in purchasing equipment and in undertaking planning related to telecommunications infrastructure development is necessary to ensure the establishment of new systems, enhancement of existing telecommunications networks, and interconnection among existing systems. Advanced telecommunications and information systems will in turn help to improve education at all levels, improve the delivery of health care (particularly to rural areas), and allow greater access for ordinary citizens to information resources throughout the country.

Proposed Legislation

Legislation authorizing this program has been proposed for Fiscal Years 1995 and 1996.

Base Program

Explanation and Justification

The Administration has called for the development of a national broadband, interactive information infrastructure capable of transporting large quantities of data at high speed. Such "information superhighways" will pay enormous dividends to both the nations's economic competitiveness and the quality of life of all Americans. In FY 1994 $26 million has been made available to the Department of Commerce for grants to state and local governments, universities, school systems, hospitals and other health care providers, and public service institutions to interconnect with the developing NII. This program was highlighted in the Clinton Administration's statement entitled "Technology for America's Economic Growth, a New Direction to Build Economic Strength" (February 22, 1993) with funding proposed at $150 million for FYs 1995 through 1998. The Administration is now proposing $100 million in FY 1995 with funding increasing to the original intent of $150 million in the ensuing fiscal years 1996 through 1998. The information highways will eventually allow all citizens, businesses, and public service institutions to take advantage of the dramatic increase in the capabilities of telecommunications and information processing technologies. The Administration initiative gives the Department of Commerce's NTIA responsibility to manage this program. NTIA's extensive expertise in broadband digital services and radio-based technologies, knowledge of the telecommunications market and regulatory environment, and experience in administering the Public Broadcasting Facilities Program (PBFP), previously known as the Public Telecommunications Facilities Program (PTFP), enable NTIA to initiate and manage efficiently a telecommunications information infrastructure grant program of this magnitude.

The NII program is a key part of an overall Administration program in the technology area designed to ensure that the United States enters the next century ready to compete in the global economy. The Federal commitment in the development of an information infrastructure will provide incentives (directly through matching grant requirements and indirectly through demonstrations of technology and applications) for other public and non-profit institutions to make additional investments for facilities that complement the projects funded under this program. Projects will be funded that provide the basis for connecting schools, libraries, health care facilities and other social and community services with interactive data, voice, and video telecommunications capabilities. These projects will take full advantage of the technical advances that are impacting network designs, equipment configurations, and service options.

Under the NII initiative, it is envisioned that the private sector will take the lead in developing the NII. Federal funding will function as a catalyst for private investment. Over the past 10 years, much has changed in telecommunications technology. In that period of time, such devices as personal computers, cellular telephones, compact discs, VCRs, answering machines, fax machines, computer modems and other data communications devices, and sophisticated telephone sets have become part of the fabric of American life. In the future, it is expected that American public institutions and private citizens will have access to an even broader array of technologies and that the use of these technologies for accessing, processing, and communicating information will have an even more dramatic and positive effect on the quality of life of our citizens.

Lack of access to the telecommunications and information infrastructure denies public service agencies the benefits of these information resources. New telecommunications capabilities would particularly benefit educational entities. An advanced NII will significantly enhance opportunities for distance learning. Schools at all levels would be able to deliver cost-effective courses on a large scale to remote learning centers. ("Remote" in this context might mean anything from a few miles from the main campus to a video classroom across the country.) Health care services also would derive many benefits from interconnection to telecommunications and information networks for many of the same reasons as education. Medical personnel at remote sites (e.g., Indian reservation health clinics, rural hospitals) could receive in-service training and professional certification courses in a convenient and timely way. Interconnection of hospitals and community clinics will permit medical and biological data to be available to authorized health care providers anywhere. This will enable access by health care professionals to the most up-to-date patient data. High-resolution x-rays and similar diagnostic information can be accurately and reliably transmitted over advanced networks. Medical personnel can use interactive, multimedia telemedicine technologies to collaborate and consult over long distances, bringing experts and specialists to patients no matter where the patient is located. Interactive imaging and modeling can be used to create accurate 3D models of patients' organs that will lead to improved and safer surgical procedures.

NTIA will support a variety of technologies in this program, including fiber optics, satellite, interactive microwave, and Instructional Television Fixed Service (ITFS). Applicants can propose use of whatever technologies they believe will best assist them in establishing a national, regional, statewide, or local segment of the eventual nationwide information infrastructure. The program will allow for grants for locally-based projects, statewide projects, and joint ventures. The latter would most likely be regional in scope.

Statement of Operating Objectives

The private sector is moving steadily towards putting into place the basic elements of the NII, often labelled the "electronic (or information) superhighway." That task is immense, and the cost of rewiring the nation for high-speed, interactive multimedia interconnection has been variously estimated at $100-200 billion (and possibly more) to complete. Many private sector telecommunications entities are making major efforts to upgrade their present facilities to accommodate the "information superhighway." For example, one regional telephone company has announced future expenditures of $500 million a year for several decades to this end. Another such company will spend $9 billion. A cable television company has committed $5 billion over five years to bring the "superhighway" to its seven million subscribers. Another cable television firm will spend $2 billion to achieve the same goal.

Understandably, the focus of most private sector efforts is on profitable activities such as commercial programming and entertainment. It is uncertain whether public sector activities will be adequately served by this emerging, private sector "information superhighway." NTIA Information Infrastructure Grant funds will therefore be used primarily to interconnect public sector institutions to each other and to the NII, and to plan for such interconnection.

Careful planning will be required by noncommercial entities as they build the capability to interconnect with the extensive NII that the private sector is in the process of establishing. Accordingly, a significant portion of the FY 1994 appropriation of $26 million will be dedicated to large-scale planning for future NII infrastructure construction projects. NTIA anticipates that much of the planning will be statewide in nature. Some planning projects may be multi-state in their reach, while others may be national in scope. Some Information Infrastructure Grant funds will be used to complete ongoing planning efforts, while other funds will initiate planning projects.

The construction projects that will result from these planning activities will be expensive to implement. The dollar amounts could reach the tens of millions. Comprehensive statewide telecommunications construction projects could, because of their predictable expense, be well outside the range of NTIA's Information Infrastructure Grants Program. Given this, NTIA can best achieve the goals of the Administration's NII initiative through the support of carefully selected pilot projects. Such projects will be chosen to provide all sections of the country with demonstrations as to how diverse telecommunications technologies can best help noncommercial sector entities connect to the NII. The projects should also be selected so as to inspire other noncommercial entities to follow the example of the pilot project with funding from other sources.

Measures of Performance

The NTIA Information Infrastructure Grants Program will be competitive, with the mix of projects funded, dependent on the nature of the proposals submitted. All grants awarded will support the NII's goal of providing funding to assist state and local governments, universities and school systems, health care facilities, and other public entities in purchasing equipment and in undertaking planning necessary to develop new applications and to interconnect to broadband interactive telecommunications networks.

Exhibit 13

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
INCREASE FOR 1995
(Dollar amounts in thousands)

		1995 Base		1995 Estimate		Increase	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Information Infrastructure Grants	Pos/BA	14	$26,119	31	$100,000	+17	+$73,881
	FTE/Obl	14	$26,119	27	$100,000	+13	+$73,881

Information Infrastructure Grants (+13 FTE, +$73,881) The Information Infrastructure Grants Program is a major Administration initiative to enhance the economic competitiveness of the Nation and improve the delivery of basic social services as we move into the 21st century. Government support of the NII will provide the stimulus to increase private-sector investment in interconnecting the Nation's businesses, residences, schools, health care facilities, and other public information and social service providers through a broadband, interactive, digital telecommunications network. The grant program discussed here represents that element of the initiative specifically aimed at bringing the benefits of information networks and data libraries to Americans at the local level. The grant program has been highlighted in the Clinton Administration's statement entitled "Technology for America's Economic Growth, a New Direction to Build Economic Strength" (February 22, 1993), and in the September 15, 1993, public statements made by Vice President Gore and Secretary Brown during the White House NII announcement.

Public service entities need to develop the capabilities that will enable them to connect to the NII to take full advantage of increasingly sophisticated telecommunications and information technologies. NTIA funding to assist state and local governments, universities and school systems, hospitals and other health care providers, and other entities in purchasing equipment and in undertaking planning related to the new applications and telecommunications infrastructure development is necessary to ensure the establishment of new systems, and the enhancement of existing telecommunications networks, and the seamless, interconnection among existing systems. Advanced telecommunications systems will in turn help to improve education all levels, improve the delivery of health care (particularly to rural areas), and allow greater access for ordinary citizens to information resources throughout the country and the world.

Program Change and Explanation

In FY 1995, the Administration is proposing an additional $74 million to help support pilot projects that will interconnect educational institutions, health care facilities, libraries, and governmental entities to each other and to the National Information Infrastructure. The private sector currently invests more than $50 billion annually in the maintenance and improvement to the telecommunications and information infrastructure. Unless the Government demonstrates its commitment that all citizens, regardless of economic, education and social standing, have the right to access the National Information Infrastructure, there is a danger that information networks will evolve in a disjointed manner targeting only selected clients and customers. Without Government leadership and direction, pockets of "information haves and have nots" could develop. Enhancement of the Information Infrastructure Grants Program will send a loud and clear message to the telecommunications and information industries that the Administration is dedicated and committed to the concept of universal access to the information infrastructure.

The additional $74 million would permit NTIA to support major infrastructure pilot construction projects needed to further demonstrate and educate citizens at the local level of the benefits of the NII. Some of these projects may cost tens of millions of dollars; this is particularly true for nation-wide or multi-state projects. The cost of within-state projects, when a number of potential applications (e.g., education, library management, and health care) are envisioned can easily reach $10-20 million. State-wide and regional demonstration projects, with multiple applications and multiple user communities, are key to assuring the design and development of interconnected and interoperable networks in a seamless, "user-friendly" manner.

Without the additional $74 million, NTIA would not be able to support the full range of proposed NII applications and expected benefits. Instead, the program would have to be limited to funding, for example, only the distance learning applications in a given region and not the equally important telemedicine applications that could easily be accommodated if funding was available. The additional funding will enable the program to support a broad range of telecommunications and information-based network applications. Without the resources to support wide ranging applications, the NII Information Infrastructure Grant Program and the Administration would be unable to contribute to the development of many of the far-reaching pilot proposals that are critical to the successful deployment of the NII.

NTIA also proposes to use up to 5 percent of the funds appropriated to the NII Information Infrastructure Grants Program for supporting research. NTIA relies heavily on the Institute for Telecommunication Sciences (ITS), its research laboratory in Boulder, Colorado, to provide the technical background that is needed to formulate sound policy options. This is particularly important in an area like telecommunications where technology advances are occurring so rapidly and are major drivers of market forces. Working with the National Institute of Standards and Technology (NIST) and the National Science Foundation (NSF), NTIA will undertake to support the development of industry-led standards for interconnectivity and interoperability through testbed experiments. NTIA efforts will help to ensure the development of standards that will permit "user friendly" network operations and seamless connections between networks that are vital for the overall success of the NII. Finally, the additional funding would allow NTIA to perform other important research and analytical tasks related to the NII: outlining policy choices; identifying regulatory barriers to the full implementation of the NII program and use of new technology; and defining relevant standards problems.

The $100 million that is being requested for FY 1995, and the $150 million proposed for each of the Fiscal Years 1996 through 1998, reflect the commitment for this grant program as stated by the Clinton Administration in its policy paper entitled "A Vision of Change for America" (February 17, 1993). This level of investment will permit the Government to lead, motivate, and stimulate further private sector participation in the development and deployment of the NII. The requested funding levels will demonstrate the Government's commitment to the development of an NII that can be accessed by all Americans by investing public funds in an amount that is consistent with the investment that the private sector is being asked to undertake to bring this program to fruition.

22-Feb-94

Exhibit 14

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
PROGRAM CHANGE PERSONNEL DETAIL

Activity: Information Infrastructure Grants
Subactivity: Information Infrastructure Grants
Program Change: Information Infrastructure Grants

Personnel Title:		Grade	Number	Annual Salary	Total Salaries
Telecommunications Manager		14	1	59,022	59,022
Supervisory Electrical Engineer		14	1	59,022	59,022
Telecommunications Specialist		14	1	59,022	59,022
Telecommunications Specialists		13	6	49,947	299,682
Program Managers		13	2	49,947	99,894
Electronics Engineers		12	3	46,202	138,606
Program Analysts		12	2	42,003	84,006
Secretary		6	1	21,805	21,805
Subtotal			17		821,059
Less lapse	25.00%		(4)		(205,265)
Total full-time permanent			13		615,794
1995 Pay Adjustment (1.6%)					9,853
					625,647
Personnel Data					
Full-Time Equivalent Employment:					
Full-time permanent			13		
Other than full-time permanent			0		
Total			13		
Authorized Positions:					
Full-time permanent			17		
Other than full-time permanent			0		
Total			17		

Exhibit 15

Department of Commerce
National Telecommunications and Information Administration
Information Infrastruture Grants
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Information Infrastructure Grants
Subactivity: Information Infrastructure Grants
Program Change: Information Infrastructure Grants

Object Class	1995 Increase
11 Personnel Compensation	
11.1 Full–time permanent	626
11.2 Other than full–time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	626
12.1 Civilian personnel Benefits	206
21 Travel	220
22 Tranportation of things	15
23.1 Rental payments to GSA	116
23.3 Communications, utilities and miscellaneous charges	23
24 Printing and reproduction	22
25.1 Consulting Services	587
25.2 Other services	31
25.3 Purchase of goods and services from Gov't accounts	531
26 Supplies and materials	48
31 Equipment	3,863
41 Grants, subsidies and contributions	67,593
99 Direct obligations	73,881

18-Feb-94

Exhibit 16

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class:	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate /1	Increase/ (Decrease) over 1995 Base
11 Personnel compensation					
11.1 Full-time permanent	0	681	737	1,363	626
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	0	0	0	0	0
11.9 Total personnel compensation	0	681	737	1,363	626
12.1 Civilian personnel Benefits	0	203	223	429	206
21 Travel and transportation of persons	0	200	200	420	220
22 Transportation of things	0	10	10	25	15
23.1 Rental payments to GSA	0	124	155	271	116
23.3 Commun., util., misc. charges	0	48	48	71	23
24 Printing and reproduction	0	50	52	74	22
25.1 Consulting Services	0	212	212	799	587
25.2 Other services	0	34	34	65	31
25.3 Purchase of goods and services from Gov't accounts	0	278	284	815	531
26 Supplies and materials	0	50	51	99	48
31 Equipment	0	110	113	3,976	3,863
41 Grants, subsidies and contributions	0	24,000	24,000	91,593	67,593
99 **TOTAL OBLIGATIONS**	0	26,000	26,119	100,000	73,881

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

18-Feb-94

Exhibit 16

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
Personnel Data:					
Full-Time equivalent Employment					
Full-time permanent	0	14	14	27	13
Other than full-time permanent	0	0	0	0	0
Total:	0	14	14	27	13
Authorized Positions:					
Full-time permanent	0	14	14	31	17
Other than full-time permanent	0	0	0	0	0
Total:	0	14	14	31	17
TOTAL:					
Full-time equivalent Employment:	0	14	14	27	13
Authorized Positions:	0	14	14	31	17

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustment to Base	1995 Base	1995 Estimate /1	Increase/ (Decrease)
11 Personnel compensation				
11.1 Full-time permanent				
Executive level				
Senior executive service	4	97	97	
Consultants & experts				
General schedule	52	640	1,266	626
Subtotal	56	737	1,363	626
11.3 Other than full-time permanent				
General schedule				
Consultants & experts				
Subtotal				
11.5 Other personnel compensation				
Overtime				
Cash awards				
Subtotal				
11.9 Total personnel compensation	56	737	1,363	626
12.1 Civilian personnel benefits				
Civil service retirement				
Federal employees' retirement	9	85	166	81
Thrift savings plan	1	17	30	13
Federal insurance contribution act	3	46	85	39
Health insurance	6	67	128	61
Life insurance	1	5	9	4
Employees' compensation fund		3	3	
Other			8	8
Subtotal	20	223	429	206

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate /1	Increase/ (Decrease)
21	Travel and transportation of persons				
	Common carrier		51	112	61
	Per diem/actual		138	286	148
	Other		11	22	11
	Subtotal		200	420	220
22	Transportation of things		10	25	15
23.1	Rental payments to GSA	31	155	271	116
23.3	Communications, utilities and miscellaneous charges				
	Rental of ADP equipment				
	Rental of office copying equipment				
	Other equipment rental				
	Federal telecommunications system		9	14	5
	Other telecommunications services		22	32	10
	Postal Service by USPS		17	25	8
	Other				
	Subtotal		48	71	23
24	Printing and reproduction				
	[Payments to WCF]	2	52	74	22
	Subtotal	2	52	74	22
25.1	Consulting services				
	Management & professional support services		212	799	587
	Studies, analyses & evaluation				
	Subtotal		212	799	587
25.2	Other Services (Training)		34	65	31

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustment to Base	1995 Base	1995 Estimate /1	Increase/ (Decrease)
25.3	Purchase of goods and services from Gov't accounts				
	Training:				
	Office of Personnel Management		22	22	
	Other federal agencies				
	National Institute of Standards and Tech – Cross Services		0	69	69
	National Institute of Standards and Tech – Acctg Services		15	38	23
	Office of Federal Assistance		185	555	370
	Maintenance of equipment		3	26	23
	GSA reimbursable services				
	Payments to WCF	6	59	105	46
	Transfer to GA				
	Other				
	Subtotal	6	284	815	531
26	Supplies and materials				
	Office supplies	1	31	55	24
	ADP supplies		20	44	24
	Subtotal	1	51	99	48
31	Equipment				
	Office Machines and equipment	2	20	172	152
	ADP software		24	670	646
	ADP hardware	1	1	3,066	3,065
	Other		68	68	
	Subtotal	3	113	3,976	3,863
41	Grants, subsidies and contributions		24,000	91,593	67,593
99	TOTAL OBLIGATIONS	119	26,119	100,000	73,881

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

Exhibit33

DEPARTMENT OF COMMERCE
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
Information Infrastructure Grants
APPROPRIATION LANGUAGE AND CODE CITATIONS

For grants authorized by section 392 of the Communications Act of 1934, as amended, $100,000,000 to remain available until expended, as authorized by section 391 of said Act, as amended. Provided, that not to exceed $8,407,000 shall be available for program administration as authorized by section 391 of said Act: Provided further, that notwithstanding the requirements of section 392 (a) and 392 (c) of such Act, these funds may be used for the planning and construction of telecommunications networks for the provision of educational, cultural, health care, public information, public safety or other social services. Provided further that not to exceed five percentum of the funds appropriated under this heading may be available for telecommunications research activities for projects related directly to the development of a national information infrastructure. Department of Commerce Appropriations Act, 1994, 107 STAT. 1153 (1993).

Exhibit 34

Department of Commerce
National Telecommunications and Information Administration
Information Infrastructure Grants
CONSULTING AND RELATED SERVICES
(Obligations in thousands)

	1993 Actual	1994 Estimate	1995 Estimate
Consulting services	$...	$212	$799
Management and professional services	...	.....	.....
Special studies and analyses	...	.....	.....
Management and support services for research and development	...	.....	.....
Total	$...	$212	$799

Consulting services: The Information Infrastructure Grants Program will use consultants to review and evaluate grant applications.

Exhibit 35

DEPARTMENT OF COMMERCE
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
Information Infrastructure Grants
PERIODICALS, PAMPHLETS AND AUDIOVISUAL PRODUCTS
(Obligations in thousands)

	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Periodicals	$ 0	$ 0	$ 0	$ 0
Pamphlets	0	0	17	50
Audiovisual products	0	0	0	0
Total	$ 0	$ 0	$ 17	$ 50

The Information Infrastructure Grants Program will utilize pamphlets to provide grant application guidelines and reporting requirements.

Exhibit 36

Department of Commerce
National Telecommunications and Information Administration1
Information Infrastructure Grants
AVERAGE GRADE AND SALARIES

	1993 Actual	1994 Estimate	1995 Estimate
Direct:			
Average ES Salary	$ 0	$92,900	$94,386
Average GS Grade	0	12.3	12.4
Average GS Salary	$ 0	$45,235	$45,959

22-Feb-94

Exhibit 5

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Budget Authority	FTE	Direct Obligations
	Appropriation Available, 1994	217	19,927	219	20,381
	less: Obligations from prior years				(454)
	plus: 1995 adjustments to base	1	1,054	6	1,054
	less: Prior year recoveries				
	1995 Base	218	20,981	225	20,981
	less: Administrative Savings		(52)		(52)
	less: FTE Savings	(3)	(192)	(3)	(192)
	plus: 1995 Program changes	6	1,466	4	1,466
	1995 Estimate	221	22,203	226	22,203

			1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
	Comparison by activity/subactivity with totals by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NTIA-48	**Domestic and International Policies:**											
	Domestic Policies	Pos./BA	13	1,815	15	2,097	15	2,202	15	2,198	0	(4)
		FTE/Obl.	18	1,785	16	2,155	17	2,202	17	2,198	0	(4)
	International Policies	Pos./BA	14	1,925	21	2,402	21	2,522	21	2,517	0	(5)
		FTE/Obl.	20	2,002	21	2,402	22	2,522	22	2,517	0	(5)
	Subtotal	Pos./BA	27	3,740	36	4,499	36	4,724	36	4,715	0	(9)
		FTE/Obl.	38	3,787	37	4,557	39	4,724	39	4,715	0	(9)
NTIA-58	**Spectrum Management:**											
	Spectrum Plans and Policies	Pos./BA	22	2,211	26	2,620	26	2,751	26	2,745	0	(6)
		FTE/Obl.	24	2,315	26	2,620	27	2,751	27	2,745	0	(6)
	Spectrum Management, Analysis and Operations	Pos./BA	109	8,901	109	8,783	110	9,223	114	10,541	4	1,318
		FTE/Obl.	102	8,623	110	9,008	111	9,223	113	10,541	2	1,318
	Subtotal	Pos./BA	131	11,112	135	11,403	136	11,974	140	13,286	4	1,312
		FTE/Obl.	126	10,938	136	11,628	138	11,974	140	13,286	2	1,312

22-Feb-94

Exhibit 5

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

			1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
	Comparison by activity/subactivity with totals by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
NTIA-80	**Telecommunication Sciences Research:**											
	Spectrum Research and Analysis	Pos./BA	19	1,749	22	1,915	22	2,038	21	1,966	(1)	(72)
		FTE/Obl.	25	1,924	24	1,915	25	2,038	24	1,966	(1)	(72)
	Systems and Networks Research and Analysis	Pos./BA	18	1,892	24	2,110	24	2,245	24	2,236	0	(9)
		FTE/Obl.	20	1,726	22	2,281	23	2,245	23	2,236	0	(9)
	Subtotal	Pos./BA	37	3,641	46	4,025	46	4,283	45	4,202	(1)	(81)
		FTE/Obl.	45	3,650	46	4,196	48	4,283	47	4,202	(1)	(81)
	Direct Obligations	Pos./BA	195	18,493	217	19,927	218	20,981	221	22,203	3	1,222
		FTE/Obl.	209	18,375	219	20,381	225	20,981	226	22,203	1	1,222
	Adjustments for:											
	Recoveries											
	Unobligated balance, start of year			(336)		(454)						
	Unobligated balance transfered											
	Unobligated balance, end of year			454								
	Unobligated balance, expiring											
	Financing from transfers:											
	Transfers from other accounts (-):			(593)								
	Transfers to other accounts (+):											
	Appropriation			17,900		19,927		20,981		22,203		1,222

18–Feb–94

Exhibit 7

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) Over 1995 Base
Total Obligations	27,416	29,381	29,981	31,203	1,222
Offsetting collections from:					
Federal funds	(8,675)	(8,650)	(8,650)	(8,650)	0
Non–Federal sources 1/	(366)	(350)	(350)	(350)	0
Recoveries	0	0	0	0	0
Unobligated balance, start of year	(336)	(454)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	454	0	0	0	0
Unobligated balance lapsing	0	0	0	0	0
Budget Authority	18,493	19,927	20,981	22,203	1,222
Financing:					
Transfer from other accounts (–)	(593)	0	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	17,900	19,927	20,981	22,203	1,222

1/ Non–Federal users of the Telecommunications Analysis (T.A.) Services program.

18–Feb–94

Exhibit 8

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Other Changes:		
Pay Raises:		
1994 locality pay		
1995 pay raise	0	409
Full–year cost in 1995 of positions financed for part–year in 1994	0	145
Within–grade step increases	5	101
One less compensable day	0	228
Civil Service Retirement System (CSRS)	0	(47)
Federal Employees' Retirement System (FERS)	0	(18)
Thrift Savings Plan	0	32
Federal Insurance Contributions Act (FICA) – OASDI	0	5
Health Insurance	0	12
Employees' Compensation Fund	0	56
Audit Costs	0	(20)
Travel:	1	282
Per Diem		
Rental payments to GSA	0	(272)
Rental Payments to Others	0	61
Printing and reproduction	0	1
Other Services:	0	10
Working Capital Fund		
Cross Services	0	20
Supplies and materials	0	6
Equipment	0	7
	0	36
Total adjustments to base	6	1,054

Exhibit 9

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
Justification of Adjustments to Base
(Dollar amounts in thousands)

Other Changes:		FTE	Amount
Pay Raises: Full-year cost of 1994 locality pay increase and related costs.			
1994 locality pay		0	409
A locality pay raise was implemented in January 1994.			
Total cost in 1995 of 1994 locality pay raise	$380,000		
Less amount funded in 1994	0		
Less amount absorbed	0		
Amount requested in 1995 to provide full-year cost of 1994 locality pay raise	$380,000		
Payment to Working Capital Fund	29,000		
Total adjustment for 1994 locality pay raise	$409,000		
1995 pay increase and related costs		0	145
The 1995 President's budget assumes a general pay raise of 1.6 percent to be effective January 1, 1995.			
Total cost in 1995 of pay increase	$135,000		
Less amount absorbed in 1995	0		
Amount requested for 1995 pay increase	$135,000		
Payment to the Working Capital Fund	10,000		
Total adjustment for 1995 pay increase	$145,000		

	FTE	Amount
Full year cost in 1995 of positions financed for part-year in 1995	5	101

An increase of $100,565 is required to fund the full-year cost in 1995 of positions financed for part-year in 1994. The computation follows:

	FTEs	
Annual salary of new positions in FY 1994	22	381,468
Less 5 percent lapse	(1)	-19,073
Full-year cost of personnel compensation	21	362,395
Less personnel compensation funded in 1994	(16)	-286,101
Cost of personnel compensation in 1995	5	76,294
Adjustment for 1995 pay raise (.016 x.75 x 76,294)	0	916
Amount required for personnel compensation	5	77,210
Benefits	0	23,356
Total adjustment-to-base	5	100,566

	FTE	Amount
Within-grade step increases	0	228

An increase of $227,660 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 1995.

Estimated number of within-grade step increases	199
Step increases not earned due to turnover (10.8% x 199)	21
Average step above step 1 per separation	3
Average cost per within-grade step increase	$ 1,448
Gross cost of scheduled step increases ($1,448 x 199)	288,152
Less savings due to separations ($1,448 x 21 x 3)	-91,224
Subtotal personnel compensation	$196,928
Benefits	+ 30,732
Total adjustment-to-base	$227,660

	FTE	Amount
One less compensable day	0	(47)

The decreased cost of one less compensable day in FY 1995 compared to FY 1994 is calculated by dividing the 1994 estimated personnel compensation ($10,784,000) and applicable benefits ($1,598,000) by 261 compensable days. The decreased cost of one less compensable day is ($47,441).

	FTE	Amount
Civil Service Retirement System (CSRS)	0	(18)

The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees' retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 52.5% in 1994 to 50.1% in 1995 for regular employees. Contribution rates will remain the same.

1995 ($10,483,000 x .501 x .07)	367,639
1994 ($10,483,000 x .525 x .07)	385,250
Total adjustment-to-base	- 17,611

	FTE	Amount
Federal Employees' Retirement System	0	32

The number of employees covered by the Federal Employees' Retirement System (FERS) continues to rise as employees covered by the Civil Service Retirement System (CSRS) leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 47.5% in 1994 to 49.9% in 1995. The contribution rate is expected to remain at 12.9%.

1995 ($10,483,000 x .499 x .1290)	674,801
1994 ($10,483,000 x .475 x .1290)	642,346
Total adjustment-to-base	+32,455

		FTE	Amount
Thrift Savings Plan		0	5

The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain 2.0 %.

1995 ($10,483,000 x .499 x .02)	104,620
1994 ($10,483,000 x .475 x .02)	99,589
Total adjustment-to-base	+5,031

		FTE	Amount
Federal Insurance Contributions Act (FICA)		0	12

As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will rise from $60,150 in FY 1994 to $61,050 in FY 1995. The OASDI tax will remain 6.2% in FY 1995.

1995 (10,483,000 x .499 x .942 x .062)	$305,512
1994 (10,483,000 x .475 x .950 x .062)	293,288
Increase (1995 - 1994)	+12,224
Other payroll subject to FICA tax in 1995 (335,000 x .942 x .062)	19,565
Other payroll subject to FICA tax in 1994 (335,000 x .950 x .062)	19,732
Decrease (1995 - 1994)	-167
Total adjustment-to-base	+12,057

		FTE	Amount
Health Insurance		0	56

Effective January 1993, NTIA's contribution to Federal Employees' health insurance premiums increased by 7.9%. Applied against the 1994 estimate of $706,000, the additional amount required is $55,774.

	FTE	Amount
Employees' Compensation Fund	0	(20)

The Employees' Compensation Fund bill for the year ending June 30, 1995 is $20,478.04 less than the bill for the year ending June 30, 1994. The charges are reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.

	FTE	Amount
Audits Costs	1	282

An increase of $282,000 is required to cover the cost of auditing financial statements, as required by the CFO Act.

	FTE	Amount
Travel	0	(272)

Effective March 1993, the General Services Administration raised per diem rates. This increase resulted in a 3.3% increase to NTIA. This percentage was applied to the 1994 estimate of $541,000 to arrive at an increase of $17,853.

NTIA's FY 1995 travel costs were recalculated to produce a savings adjustment of $290,000. The recalculation was based on three components: (1) the Department's average travel costs per FTE for domestic staff; (2) the International Trade Administration's average travel cost per FTE for staff involved in frequent travel (necessary for international telecommunications conferences and negotiations); and (3) specific travel requirements for the spectrum advisory group.

	FTE	Amount
Rent Payments to GSA	0	61

GSA has provided an estimate of $1,684,000 for charges in FY 1995. This represents an increase of $61,000 over the 1994 estimate of $1,623,000.

	FTE	Amount
Rental Payments to Others	0	1

An increase of $1,000 is required to reflect the latest FY 1995 parking estimate for parking costs at the Hoover Building for NTIA personnel.

	FTE	Amount
Printing and reproduction	0	10

The Government Printing Office (GPO) has provided an estimated rate increase of 3.0%. This percentage was applied to the 1994 estimate of $337,000 to arrive at an increase of $10,110.

	FTE	Amount
Other Services	0	26

Cross Services:

1994 NIST Cross Services Charge reflected in FY 1994 Congressional Submission	$508,542
FY 1995 GNP Deflator - 2.8%	$ 14,239
Total FY 1995 NIST Cross Services Charge	$522,781
Total increase between FY 1994 to FY 1995	$ 14,239
Amount associated with other agency projects (70%)	$9,967
Additional amount required for direct projects (30%)	$4,272
1994 NOAA Cross Services Charge reflected in FY 1994 Congressional Submission	$189,000
FY 1995 GNP Deflator - 2.8%	$ 5,292
FY 1995 NOAA Cross Services Charge	$194,292
Total increase between FY 1994 to FY 1995	$ 5,292
Amount associated with other agency projects (70%)	$ 3,704
Additional amount required for direct projects (30%)	$ 1,588
Total Cross Services adjustment-to-base	$ 5,860

Working Capital Fund:

An additional $20,000 is required to fund cost increases in the Departmental Working Capital Fund to maintain the current level of operations.

	FTE	Amount
Supplies and materials	0	7

Based on the GNP deflator of 2.8%, the cost of supplies and materials is expected to increase by $6,580 from the 1994 estimate of $235,000.

	FTE	Amount
Equipment Based on the GNP deflator of 2.8%, the cost of equipment is expected to increase by $36,484 over the 1994 estimate of $1,303,000.	0	36
TOTAL	6	1,054

22-Feb-94

Exhibit 10

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Domestic and International Policies
Subactivity: Domestic and International Policies

Line Item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Domestic and International Policies:											
Domestic Policies	Pos./BA.	13	1,815	15	2,097	15	2,202	15	2,198	0	(4)
	FTE/Obl.	18	1,785	16	2,155	17	2,202	17	2,198	0	(4)
International Policies	Pos./BA.	14	1,925	21	2,402	21	2,522	21	2,517	0	(5)
	FTE/Obl.	20	2,002	21	2,402	22	2,522	22	2,517	0	(5)
Total	Pos./BA.	27	3,740	36	4,499	36	4,724	36	4,715	0	(9)
	FTE/Obl.	38	3,787	37	4,557	39	4,724	39	4,715	0	(9)

Exhibit 12

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
Justification of Program and Performance

Activity: **Domestic and International Policies**
Subactivity: **Domestic Policies**

Goal Statement

The primary goal of NTIA's domestic policy subactivity is to improve the way in which service and products are provided to the public by the U.S. telecommunications and information industries. In addition, NTIA's domestic policy program seeks to encourage minority ownership of telecommunications businesses.

Proposed Legislation

Section 1255 of the Omnibus Budget Reconciliation Act of 1981, P.L. No. 97-35, requires that NTIA obtain an authorization of its annual appropriation. NTIA's functions were codified in the NTIA Organization Act, which became law as part of the Telecommunications Authorization Act of 1992, Public Law No. 102-538, 106 Stat. 3533 (1992). Legislation authorizing appropriations for continuation of the programs and activities of NTIA has been proposed for FYs 1995 and 1996.

Base Program

The domestic policy subactivity develops policies that will improve services and equipment provided to the public by the U.S. telecommunications industry. The Communications Act of 1934 and its amendments provide a basis for the regulation of the telecommunication industry in order to serve the public interest. However, existing law, regulation, and administrative procedures are subject to enormous pressures created by rapid changes in technology and increased demand for advanced services and equipment. NTIA is unique in its mandate within the Federal government as the Executive Branch agency principally responsible for developing telecommunications and information policies and recommending these policies to the Congress and the Federal Communications Commission (FCC).

NTIA undertakes policy studies that recommend future courses of action that affect the telecommunication industry; it makes recommendations to Congress as to revisions in telecommunications law; and it participates in proceedings conducted by the FCC.

These numerous external institutions affect NTIA's domestic policy formulation process. NTIA's domestic policy activities require it to evaluate constantly the relative importance of current telecommunications and information policy issues to determine those that require Executive Branch attention. In all cases, NTIA carefully considers which policy issues are of such importance that NTIA should address them by filing pleadings, preparing reports, or submitting testimony.

Explanation and Justification

NTIA's domestic policy recommendations have made substantial contributions to major procompetitive governmental actions regarding broadcasting, cable, and telephone issues. For example, NTIA recommendations to reform telephone regulations and to remove or replace unnecessary or outmoded regulations applicable to the mass media industry have had major impacts on recent telecommunications policy decisions by the FCC and debates in Congress. The range of domestic telecommunications policy issues is broad and increasingly complex, reflecting the rapid changes in telecommunications technology, its application to the marketplace, and a broadening of the number and types of players.

The common carrier industry is one major focus of NTIA's efforts. NTIA supports the universal availability of basic common carrier services. It also advocates policies and proposals that promote the efficient provision of telecommunication services and the reduction of competitive barriers. When the Communications Act of 1934 was written, it was difficult to anticipate that technological advances would have such significant effects on the competitive environment of the industry. In addition, because communications, computer, and information technologies are converging, regulatory questions such as who should provide what services and under what conditions are increasingly complex and difficult. NTIA fulfills its role in this area by 1) working with the Congress and the FCC in structuring a competitive environment for new and innovative telecommunications services; and 2) ensuring that the Government does not create regulatory barriers that burden the provider or receiver of these services.

In FY 1994, NTIA will play a major role in Executive Branch, Congressional and FCC efforts to develop policies for the National Information Infrastructure and user applications. NTIA will work with the FCC and the states in examining local exchange competition and the provision of video services by telephone companies. NTIA will study and make policy recommendations regarding the development of personal communications services (PCS), which is a new mobile communications technology. More generally, NTIA will advocate the establishment of a market-based spectrum management policy, through the use of competitive bidding for the assignment of spectrum.

In FY 1995, NTIA will participate in relevant Congressional action, interagency and FCC proceedings to advocate greater competition between cable companies and telephone companies in order to provide lower prices and better services to consumers. NTIA will also focus on other developing events in the domestic common carrier industry, including reform of FCC regulation of local and long distance telephone companies.

The major benefit of NTIA's work in this area will be to help encourage policies and actions that increase the availability and diversity of services in telecommunications for all users.

In FY 1994, NTIA will examine policies that affect the ability of U.S. broadcasters and cable operators to provide diverse and affordable mass media services. As such, it will continue to pursue opportunities to reform the regulation of existing and emerging mass media services, such as advanced television (ATV) and digital audio broadcasting (DAB). In FY 1994, the FCC may continue to develop a terrestrial broadcast standard for ATV. NTIA will continue to participate in the FCC's Advisory Committee on Advanced Television Service. Important issues arising from the FCC's choice of a standard will remain. NTIA will also monitor the FCC's implementation of the cable legislation enacted in 1992.

NTIA will seek ways to enhance minority participation in telecommunications. Specific efforts that will continue include: (1) directing ComTrain, a training program to assist new minority commercial broadcast owners; (2) disseminating information and conducting seminars on ownership opportunities in telecommunications; (3) developing and commenting on legislative and regulatory proposals that promote minority ownership in telecommunications; (4) working with industry, and other government agencies on initiatives to increase public/private sector assistance to minorities interested in ownership of telecommunications businesses and services; and (5) developing TELECAP, a study of capital development strategies for minority investment in telecommunications.

Statement of Operating Objectives

Through its base program in domestic policies, NTIA will formulate and advocate specific legislative, regulatory, technical, strategic, and institutional plans and policies to the President, within the Executive Branch and before the Congress, the FCC, and relevant industries and organizations. Specifically, NTIA's domestic policy objectives are to promote: the development of existing and emerging information distribution systems; universal availability of basic telephone service at affordable rates; increased minority ownership and operation of telecommunications facilities; deployment of advanced technologies in the U.S. telecommunications industry; and development of incentives for diverse telecommunications and information services and distribution mechanisms while protecting data security and privacy.

Measures of Performance

NTIA's Office of Policy Analysis and Development (OPAD) serves a variety of "internal" and "external" customers for which performance should be assessed. Some possible statistical measures, such as number of pages produced, number of citations in industry literature and the number of speaking invitations received, are relatively simple to administer. While recognizing their limitations, OPAD continues to use these measures. Comprehensive evaluation of NTIA's domestic policy outputs requires functional measures that would permit comprehensive evaluation of policy development. Such measures should address the quality of team and individual efforts.

OPAD continues to seek an appropriate overall measure of performance. A customer survey conducted in FY 1992 was a useful qualitative assessment of OPAD products and services. In FY 1994, OPAD will conduct another customer survey. OPAD will also formalize its current practice of sharing report findings with outside experts prior to publication and initiate review panels comprising customers and peers to conduct a qualitative assessment of specific OPAD products and to solicit views on OPAD's activities.

Exhibit 12

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
Justification of Program and Performance

Activity: **Domestic and International Policies**
Subactivity: **International Policies**

Goal Statement

The Office of International Affairs (OIA) develops and recommends policy alternatives in the formulation of Executive Branch positions on major international telecommunications and information matters. The division develops and recommends U.S. policies that will promote better market access for U.S. telecommunications products and services in foreign countries; participates in negotiations with foreign countries regarding telecommunications policies that affect the competitiveness of U.S. telecommunications and services providers; and formulates and advocates U.S. policies regarding foreign and international telecommunications activities.

The goal of this subactivity is to formulate and implement telecommunications policies that enhance the international competitiveness of U.S. telecommunications and services providers. Policy objectives are based on the identification and interdisciplinary analysis of economic, technological, regulatory, legal, social, and foreign policy issues.

Proposed Legislation

Section 1255 of the Omnibus Budget Reconciliation Act of 1981, P.L. No. 97-35, requires that NTIA obtain an authorization of its annual appropriation. NTIA's functions were codified in the NTIA Organization Act, which became law as part of the Telecommunications Authorization Act of 1992, Public Law No. 102-538, 106 Stat. 3533 (1992). Legislation authorizing appropriations for continuation of the programs and activities of NTIA has been proposed for Fiscal Years 1995 and 1996.

Base Program

This subactivity develops policies to improve the international competitiveness of the U.S. telecommunications industry. Through promotion of more widespread competition, telecommunications equipment and services can be made available in U.S. and foreign markets at more reasonable cost, with a favorable impact on the U.S. balance of trade.

As the President's principal advisor on domestic and international telecommunication policies, NTIA is the principle agency responsible for the development and implementation of the U.S. government's national and international policy. This activity is undertaken in coordination with the Department of State and other relevant government agencies. OIA formulates recommendations on U.S. domestic regulation of international telecommunications services for presentation to the Federal Communications Commission (FCC) and others; coordinates Federal Government preparatory activity for international conferences and negotiations related to international radio spectrum utilization, telecommunications standards and infrastructure development activities; and advises the Department of State (DOS) on international communications policy. In addition, OIA supports the trade negotiation activities of the United States Trade Representative (USTR) by providing expert staff to represent U.S. telecommunications interests in those negotiations.

Explanation and Justification

The Secretary of Commerce is charged by the Telecommunications Authorization Act of 1992 (Public Law 102-538) with developing and setting forth plans, policies and programs that relate to international telecommunications issues, conferences, and negotiations. The Secretary is also responsible for coordinating economic, technical, operational and related preparations for U.S. participation in international telecommunications conferences and negotiations. Public Law 102-538 provides NTIA a mandate to formulate telecommunications and information policy for activities in international organizations such as the International Telecommunication Union (ITU), the Organization of American States Conference on Telecommunications (CITEL), the Organization for Economic Cooperation and Development (OECD), the Asia-Pacific Economic Cooperation Conference (APEC), the Pacific Telecommunications Council (PTC), the Caribbean Telecommunications Council (CTC), the Caribbean/Central American Action (C/CAA), the International Telecommunications Satellite Organization (Intelsat), and the International Maritime Satellite Organization (Inmarsat).

The Telecommunications Trade Act of 1988 outlines U.S. policy goals for international telecommunications trade. NTIA assists in implementing the Telecommunications Trade Act, through coordination with the International Trade Administration, USTR and other Government agencies by actively participating in telecommunications talks focusing on select foreign countries in Europe, Asia, and Latin America with significant market opportunities for U.S. providers of telecommunications goods and services. Within the telecommunications community, NTIA is recognized for its unique capability to blend domestic and international telecommunications considerations with sound, innovative technological approaches and expertise.

By statute, the President is charged with overseeing Comsat's participation in Intelsat (Comsat is the U.S. signatory to Intelsat). This responsibility, under Public Law 102-538 has been substantially delegated to the Department of Commerce acting in coordination with the Department of State. The Department is also charged by statute with overseeing Comsat's participation in the Inmarsat. To carry out these responsibilities, NTIA, acting in coordination with the Department of State, attends all key decision-making meetings, analyzes all Intelsat and Inmarsat documents proposed in advance of action items, develops and presents NTIA's views, and works with senior level representatives of the FCC and the Department of State to formulate and present to Comsat appropriate instructions on particular agenda items that affect U.S. interests.

NTIA works very closely with representatives from the private sector, seeking their advice and counsel to ensure that their concerns are heard in all matters relating to telecommunications policies affecting trade, services, and procurement. Because of the nature of the telecommunications regulatory environment in the United States, NTIA coordinates its activities very closely with the DOS and the FCC. Each of the three entities -- NTIA, DOS, FCC -- has specific responsibilities that are defined by laws and executive orders. Coordination is a continual process to ensure that in all international telecommunications deliberations and negotiations, the interests of the U.S. telecommunications industry, and the U.S. Government are best served.

Statement of Operating Objectives

NTIA's objectives in these activities are derived from the unique features and regulatory issues characterizing the international telecommunications industry. OIA possesses expertise in five essential areas: 1) technical skill and expertise; 2) an understanding of the U.S. domestic telecommunications environment, products, services, and regulatory policies; 3) an understanding of U.S. trade objectives; 4) an understanding of the international telecommunications regulatory environment and market; and 5) an understanding of the contributions that telecommunications makes to overall economic growth of emerging nations and the related opportunities to increase the competitiveness of U.S. telecommunications firms. With this expertise, NTIA develops policy recommendations aimed at improving the competitiveness of U.S. services. NTIA participates in and advocates our national policies before international organizations and in bilateral and multilateral consultations and negotiations.

The objectives for this period can be grouped under topical areas that reflect both the growing importance of telecommunications and information services as a major component of the U.S. trade posture and the rapid advances in technology that are driving telecommunications changes. These objectives are:

1. To provide a forum within the Executive Branch for broad discussion and analysis of U.S. regulation of international telecommunications services and of the impact on U.S. suppliers of the uneven pattern of liberalization that has emerged internationally.

2. To provide strong leadership to achieve U.S. telecommunications objectives in international regulatory fora, particularly the ITU.

3. To support initiatives to establish competitive, deregulatory telecommunications policies around the world, including the developing nations of Africa, Latin America, Eastern Europe, and the Newly Independent States (NIS).

4. To ensure that the telecommunications standards setting processes do not create de facto trade barriers.

5. To prepare for, and to provide U.S. representation in negotiations and consultations that reduce obstacles to the growth of the U.S. telecommunications and information industries.

6. To provide policy guidance to U.S. interests in satellite and overseas facility operations.

On January 15, 1993, NTIA issued through the Federal Register a broad Notice of Inquiry (NOI) on U.S. Regulation of International Telecommunications Services. That NOI sought comment inter alia on existing regulation of services by the FCC; possible inconsistency between U.S. regulatory vs. trade negotiation objectives; and on the factual context (e.g., U.S. and foreign owned carriers' activities abroad, foreign market and regulatory characteristics). In FY 1995, priority will be given to articulating appropriate policy conclusions, based on internal assessments and comments received on the NOI, in public reports and in domestic and international policy/regulatory fora. The work is expected to form the foundation for NTIA's own filings in numerous outstanding FCC matters.

One significant development in the international context has been the development of a number of regional bodies and coalitions with the mandate to seek common positions on matters such as telecommunications standards. Principal among these organizations are the European Technical Standards Institute (ETSI) and the Japanese standards organization, Telecommunication Technical Committee (TTC), as well as the U.S. T1 committee. Of a more general nature are organizations such as CITEL (in the Americas), the Asia Pacific Telecommunity (APT) and the Asia Pacific Economic Council (APEC). Each of these organizations will seek consensus among its members on issues of global importance to U.S. manufacturers seeking market access opportunities. NTIA will follow closely and participate as appropriate in the activities of these groups to ensure that U.S. positions are well-represented at the "grass-roots level". These activities also will be integrated with NTIA's ITU portfolio: the regional coalitions are increasingly important in the World Conference arena of the ITU.

Characteristic of the dynamic changes at work in the telecommunications industry is the increased emphasis placed on telecommunication trade. NTIA applies its in-depth telecommunications expertise in supporting market access opportunities sought by American industry and the U.S. trade community. In FY 1995, NTIA will participate in telecommunication services negotiations/discussions in support of USTR activities. The North American Free Trade Agreement was signed by the President on January 17, 1993, and was approved by Congress in November 1993. The agreement became effective January 1, 1994. In FY 1995, NTIA will provide support to USTR for activities related to implementation of the telecommunications chapter of the NAFTA. Deliberations with the EC bilaterally and within the GATT context will continue throughout Fiscal Years 1994 and 1995 to ensure that fair competitive practices for telecommunications services and equipment become the norm as EC92 becomes a fait accompli. NTIA will continue to support USTR in its efforts to open the basic telecommunications services markets of the most economically advanced countries to competition through General Agreement on Trade in Services (GATS) negotiations. GATS basic services negotiation will begin in May 1994 and continue for a two-year period. In FY 1994, and thereafter as EC policies are implemented in the Member States, NTIA will continue to monitor EC telecommunications activities. This will involve close monitoring and analysis of EC Member State actions to implement EC telecommunications directives. This activity requires on-going research identifying trends in the international economic and regulatory environment, liaison with U.S. industry groups in the United States and overseas, the preparation of position papers and policy recommendations, and regular participation in interagency and intergovernmental meetings on international telecommunications and information issues.

The newly-emerging economies of Eastern Europe, the NIS, Latin America and Africa have stimulated demand for resources dedicated to development of the telecommunications infrastructure. From the standpoint of the U.S. private sector, infrastructure development is a precondition for most businesses to enter these new markets; for the telecommunications industry, these infrastructure projects may provide valuable opportunities for direct investment and sales. During FY 1992, NTIA developed a program of activity supporting these nations in their efforts to evaluate development options; to create legislative and regulatory structures to address market needs; and to implement the technical systems required for effective radio spectrum utilization. That program combines policy advocacy through the ITU's Development Sector and technical and regulatory training programs keyed to the needs and requests of individual nations. During FY 1995, NTIA expects to continue its development program and is particularly concerned that efforts in Eastern Europe and the NIS be continued during the lengthy and critical transition facing those nations. NTIA will continue to monitor other government's satellite telecommunications policies to ensure the continued competitiveness of U.S. equipment and service providers. NTIA will continue to monitor and evaluate the rapid evolution of satellite communications technology and barriers to fair competition, and will represent U.S. interests in a variety of multilateral and bilateral fora.

Critical Conference Planning

One of NTIA's key activities involves its participation in the International Telecommunication Union (ITU). The ITU is the principal international organization addressing telecommunications issues; its membership now exceeds 160 nations. Because of a March 1993 reorganization, the ITU now consists of three distinct sectors (Radiocommunications, Standardization and Telecommunication Development). Each of these sectors has the ability to promulgate findings, resolutions and in certain cases Treaty commitments that have a direct bearing on U.S. ability to market its goods and services abroad.

NTIA is actively involved in all aspects of the ITU, including study of technical questions presented in Study Groups of the various sectors and participation in a leadership role in the many world-wide conferences governing the various sectors. Irrespective of other considerations, NTIA's role as manager of the Federal Government's spectrum use casts NTIA in a pivotal role with respect to the formulation and representation of U.S. interests within the Radiocommunications Sector of the ITU. More generally, as the pace of technological change has stepped up in the telecommunications field, and as U.S. users and manufacturers have increased their own drive to create inter-operable and functionally global markets, NTIA and other interested agencies have been required to step up their participation at all levels of the ITU.

For FY 1994, additional resources were requested for NTIA to ensure that NTIA could properly represent U.S. interests in the ITU. In November 1993, the first World Radiocommunications Assembly and World Radiocommunications Conference following the 1992 ITU reorganization were convened. NTIA has led, in coordination with the Department of State, all significant preparations to date for these events and anticipates a leadership role in these conferences. These events will initiate the new sequence of conferences on a two year cycle. The new resources will enable a small permanent staff to implement the results of the 1993 conference while preparing for the 1995 conference; concurrently staff will be able to participate in significant Study Group meetings to address and simplify issues in advance of major international conferences.

Resources also have been dedicated to the other sectors of the ITU. In FY 1993, NTIA led U.S. efforts and co-chaired delegations to the two final Regional Conferences in the Development Sector (Arab States and Asia regions). In FY 1994, the first World Telecommunications Development Conference will be convened in Buenos Aires; NTIA will take a comparable leadership role in that conference. In FY 1993, NTIA staff also played a major role in the first World Standardization Conference in Helsinki. Study Group activity in this sector remains of importance to NTIA and our participation in these groups will be enhanced as resources are available for this purpose.

Measures of Performance

OIA will continue to provide leadership in developing position papers and representing U.S. interests in multilateral and bilateral talks in which barriers to trade in telecommunications services and equipment issues are addressed. Potential foreign markets will continue to be studied to identify sales opportunities and trade barriers for U.S. telecommunications exports. The U.S. Government will conduct negotiations to resolve these barriers. NTIA's experience in technical assistance and telecommunications policy development and liaison activities, positions NTIA to play a significant role in these consultations and negotiations. NTIA will continue its efforts to act as a catalyst within the Government to identify non-tariff barriers and to formulate Government actions necessary to eliminate such barriers. This strategy is necessary to maintain the competitiveness of U.S. industry and to ensure that U.S. firms have mutually advantageous market opportunities in foreign markets.

NTIA will continue to be actively involved in all aspects of the work of the ITU, providing expert technical and policy guidance at meetings of specific study groups established for the radiocommunications and standardization sectors [formerly the International Radio Consultative Committee (CCIR) and International Telegraph and Telephone Consultative Committee (CCITT) Study Groups and Working Parties]. Along with the NTIA's Office of Spectrum Management and the Institute for Telecommunication Sciences, OIA will participate in, and lead discussions in, these meetings and will report on the major accomplishments.

NTIA recognizes both the need for expanded telecommunications markets for U.S. firms and the growing market potential for U.S. firms in developing countries. NTIA will continue to seek innovative ways to assist in the expansion of telecommunications infrastructures in developing countries, thereby expanding potential export markets for U.S. suppliers of goods and services. Cooperative efforts with U.S. trade associations (e.g., the Telecommunications Industry Association and the U.S. Telephone Association), other representatives of U.S. industry and appropriate Government agencies will continue to assist developing countries in their communications infrastructure development and to enhance market access for U.S. industry.

On-going attention will continue to be focused on linking increased market opportunities in Latin America, Africa, Eastern Europe and the Asia Pacific. Activities such as conferences and reverse missions for foreign officials will be employed by NTIA and other U.S. Government agencies to signal to foreign governments that U.S. industry and government are working together to both increase industry's share in lesser-known, burgeoning markets, and to encourage infrastructure improvements.

22-Feb-94

Exhibit 10

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Spectrum Management
Subactivity: Spectrum Plans and Policies, and
Spectrum Management, Analysis and Operations

Line Item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Spectrum Management											
Spectrum Plans and Policies	Pos./BA.	22	2,211	26	2,620	26	2,751	26	2,745	0	(6)
	FTE/Obl.	24	2,315	26	2,620	27	2,751	27	2,745	0	(6)
Spectrum Management, Analysis and Operations	Pos./BA.	109	8,901	109	8,783	110	9,223	114	10,541	4	1,318
	FTE/Obl.	102	8,623	110	9,008	111	9,223	113	10,541	2	1,318
Total	Pos./BA.	131	11,112	135	11,403	136	11,974	140	13,286	4	1,312
	FTE/Obl.	126	10,938	136	11,628	138	11,974	140	13,286	2	1,312

Exhibit 12

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
Justification of Program and Performance

Activity: **Spectrum Management**
Subactivity: **Spectrum Plans and Policies**

Goal Statement

The goal of this subactivity is to establish plans and policies that ensure the efficient, effective, and equitable use of the spectrum. This subactivity includes: Federal policy formulation, long range planning, international forum preparation/execution, telecommunications emergency planning, and public access to Federal management information. The following efforts are performed within the subactivity:

- Formulate and advocate plans and policies for the efficient and effective use of the spectrum by the Federal government.
- Conduct spectrum training courses and seminars for spectrum managers.
- Coordinate and develop the Government's contribution to U.S. proposals and positions for international spectrum management forums.
- Participate in bilateral and multilateral meetings on spectrum management issues with foreign administrations.
- Assist in the development of U.S. proposals and positions for, and participate in international radio conferences.
- Analyze other country proposals relative to the U.S. spectrum management process.
- Implement the results of international radio conferences.
- Initiate and conduct scientific and technical cooperation in the field of telecommunications and spectrum management with specific foreign countries in accordance with U.S. foreign and international trade policy.
- Participate with other Federal agencies in communications emergency readiness planning and implementation.
- Develop emergency/wartime and long-range plans for use of the spectrum.
- Develop procedures, and incorporate them in the planning process for a timely and orderly transition from normal to emergency modes.
- Formulate and advocate plans and policies necessary in the development of strategies to improve and restore U.S. telecommunications resources.

- Investigate and implement advanced technologies for management of the spectrum to increase its effectiveness and efficiency of use by the Federal government agencies thereby maximizing spectrum availability for new technologies in the private and public sectors.
- Develop and implement new policies for increased public participation in spectrum managing and planning efforts.

Proposed Legislation

Section 1255 of the Omnibus Budget Reconciliation Act of 1981, P.L. No. 97-35, requires that NTIA obtain an authorization of its annual appropriation. NTIA's functions were codified in the NTIA Organization Act, which became law as part of the Telecommunications Authorization Act of 1992, Public Law No. 102-538, 106 Stat. 3533 (1992). Legislation authorizing appropriations for continuation of the programs and activities of NTIA has been proposed for FYs 1995 and 1996. Under Section 104 of the National Telecommunications and Information Administration Organization Act (Act), NTIA provides opportunities for public access to Federal spectrum management information and for public participation in Federal spectrum policy development. These contacts with the public are conducted in an atmosphere of openness to promote maximum exchange of information and understanding between the Federal and public spectrum management communities.

Base Program

Explanation and Justification

As part of its role in establishing Federal spectrum management policy, NTIA allocates and assigns the radio frequency spectrum to Federal users. This responsibility includes chairing the Interdepartment Radio Advisory Committee (IRAC), its major subcommittees and various specialized ad hoc groups. The IRAC, which is a group composed of the representatives of 20 Federal agencies and an FCC liaison, is the primary Executive Branch advisor to NTIA on Federal agency spectrum management. Through the Spectrum Planning, Technical and Frequency Assignment subcommittees as well as several ad hoc groups, the IRAC advises NTIA on spectrum policy and procedural matters and provides recommendations for conflict resolution.

With respect to national spectrum concerns, NTIA, in conjunction with the FCC, formulates long-range spectrum allocation plans that respond to the changing requirements of both Government and non-Government services. Spectrum planning is also conducted relative to wartime and emergency conditions.

In its international spectrum management role. NTIA cooperates with the FCC and the State Department in preparing for diverse international negotiations and forums on spectrum management, allocations and regulation. Specifically, NTIA coordinates and develops the Government's contributions to the U.S. proposals for these forums and helps prepare the preliminary and final national positions. NTIA also analyzes the known intentions of other nations to determine whether U.S. counter-proposals are necessary. In addition, NTIA works towards building confidence worldwide in U.S. spectrum planning techniques to win support for U.S. positions and participates in the negotiations and forums themselves.

NTIA plays a central role in developing and promoting policy and guidance to improve the Government's emergency communications response posture and the protection of information during electronic transmission or processing.

Statement of Operating Objectives

NTIA will continue to: direct and support the IRAC and its representative subcommittees, both administratively and technically; resolve spectrum management problems among the Federal agencies and other domestic and foreign entities; negotiate with personnel in foreign administrations in support of U.S. aims and goals at international conferences; develop and modify spectrum policies and procedures for crisis-related situations; conduct long-range strategic Federal and private sector spectrum planning in coordination with the FCC; prepare for and participate in the radiocommunications (RS) [formerly the ITU International Radio Consultative Committee (CCIR)] Study Groups' activities; provide emergency readiness planning for the Federal use of the radio frequency spectrum; chair and direct the activities of the Spectrum Planning Advisory Council (SPAC); continue spectrum management training activities including support for the U.S. Telecommunications Training Institute (USTTI); formulate policies, issue and revise allocations and regulations concerning Federal spectrum use; identify and provide solutions to issues and deficiencies in the emergency communications planning process in support of the National Communications System (NCS); continue planning and participation in activities associated with the China Protocol; and maintain the openness program by which the private sector can obtain information on the Federal government's use of the spectrum, comment on spectrum sharing issues and provide information on new innovative radiocommunications developments.

NTIA will identify the future private sector and Government spectrum requirements by major radio service (e.g., landmobile, broadcasting, etc.) and allocated frequency bands. The private sector and Federal Government agency requirements will be partially developed from the responses to an NTIA-issued Notice of Inquiry (NOI) addressing broad spectrum requirements and other sources. A report will be prepared that will identify spectrum requirements and technology trends that impact spectrum use. The next phase, spectrum availability evaluation, will largely be accomplished with the Spectrum Management, Operations and Analysis program. Based on the evaluation, spectrum allocation options will be developed to satisfy identified spectrum requirements. The options would consider technical and economic methods. The NTIA and FCC would develop plans to modify the allocation tables to satisfy the telecommunications requirements. The spectrum redistribution plan will be implemented beginning in FY 1996. This phase will require Congressional legislation, and NTIA, FCC, private sector and Federal agency coordination.

Measures of Performance

Spectrum Plans and Policies	1994 Estimate	1995 Estimate
• Problem Resolution Sessions directed:		
In the Interdepartment Radio Advisory Committee (IRAC)	26	26
In the Spectrum Planning Subcommittee (SPS)	12	12
In the Technical Subcommittee (TSC)	12	12
In the Frequency Assignment Subcommittee (FAS)	12	12
• Training (Number of Persons)	75	75
• International Conferences & RS Meetings:		
Preparation meetings for	31	22
Participation in	23	15
Implement results from	0	2
• Problem Resolution Sessions in support of International Conferences and RS meetings	130	130
• Foreign Protocols		
Established	0	0
Participated in	1	1
Planned	0	0
• Determine the future private sector and Government spectrum requirements by major radio service.	X	
• Determine availability of currently allocated spectrum to satisfy future spectrum requirements	X	
• Implement public access processes that ensure prompt and impartial consideration of all public requests for access to spectrum allocated for Federal Government use.	X	X

	1994 Estimate	1995 Estimate
• Implement an improved computerized bulletin board for use by the public in providing comments on proposed changes to Federal spectrum policy.	X	
• Conduct a series of "Outreach" activities designed to inform the public of their new opportunities for participation in the Federal spectrum management policy development process.	X	X

Exhibit 12

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
Justification of Program and Performance

Activity: Spectrum Management
Subactivity: Spectrum Management, Analysis and Operations

Goal Statement

The goals of this subactivity are to satisfy the frequency assignment needs of the Federal agencies, to provide spectrum certification for new Federal agency radiocommunication systems, to perform the necessary engineering analysis for evaluating and planning spectrum use, and to provide the necessary automated data processing (ADP) capability to perform the above with a high degree of quality and timeliness.

This subactivity includes three major components: Spectrum Management, Spectrum Analysis, and Spectrum Operations. Within this subactivity, Federal applications for frequency assignments are reviewed and processed, use of the spectrum is authorized, and data base files are maintained. Government spectrum management and use is improved by:

- Developing plans for intraservice and interservice sharing in selected bands;
- Evaluating proposed Federal telecommunications systems for certification for spectrum support in accordance with OMB Circular A-11;
- Resolving conflicting requirements concerning Federal agencies' use of the spectrum;
- Planning and coordinating spectrum measurements in selected frequency bands which are conducted under the Telecommunication Sciences Research activity to support spectrum resource assessments, compatibility analyses, and compliance with standards and authorized spectrum usage; and
- Providing technical engineering and policy analysis support in preparation for and participation at international radio conferences and in the development of domestic spectrum policy and long range planning.

Proposed Legislation

Section 1255 of the Omnibus Budget Reconciliation Act of 1981, P.L. No. 97-35, requires that NTIA obtain an authorization of its annual appropriation. NTIA's functions were codified in the NTIA Organization Act, which became law as part of the Telecommunications Authorization Act of 1992, Public Law No. 102-538, 106 Stat. 3533 (1992). Legislation authorizing appropriations for continuation of the programs and activities of NTIA has been proposed for FYs 1995 and 1996.

Base Program

Explanation and Justification

This subactivity has three components which are discussed below.

(1) Spectrum Management

NTIA reviews, processes, and authorizes Federal radio frequency assignments. Each year the agency receives a number of requests for such assignments and processes approximately 86,000 frequency assignment actions. NTIA also makes on-site inspections of facilities to determine the degree of compliance with authorized use and will continue its reviews of Federal frequency assignments to evaluate the validity of current needs. This frequency assignment responsibility involves chairing the IRAC Frequency Assignment Subcommittee (FAS) as well as directing that Subcommittee's activities and providing its administrative support.

The assignment responsibility also involves ensuring that the spectrum needs of certain Government agencies not represented on the IRAC, the United Nations and foreign embassies are met. NTIA maintains and updates files and records, either hard-copy or computerized, necessary for radio spectrum management. The computerized files include: the Government Master File of Frequency Assignments (GMF); portions of the FCC frequency records necessary for use in Federal spectrum management, especially the management of shared Government/non-Government frequency bands; frequency allocation records; terrain elevation data; and Federal systems review data. These diverse files and records are available to provide varied information and publications for NTIA's staff as well as the rest of the spectrum management community. Some of these data relate to border frequency coordination with Canada and Mexico. A CD-ROM record of the total GMF and a Directory of Field Contacts is also available.

In addition, 4,500 requests for specialized retrieval from these varied files are expected in support of the activities in spectrum management. The information provided will be used by Federal agencies in proposing frequency assignments and by NTIA personnel in analyzing potential interference problems.

Also within the spectrum management activity, the NTIA Manual of Rules and Regulations governing the Federal Spectrum will be updated and administrative support will be provided to the IRAC, the Spectrum Planning Subcommittee (SPS), the Technical Subcommittee and the IRAC ad hoc groups.

(2) Spectrum Analysis

NTIA conducts in depth analyses of spectrum use, system reviews, and space system reviews; assists Federal agencies in resolving operational problems; provides technical engineering/policy analysis support for international conferences. The in-depth studies evaluate the effect of existing and planned radiocommunication systems on the radio frequency spectrum and provides technical engineering support for domestic policy development and long range planning. These technical/policy analyses will be of two types, the first focusing on the selected portions of the radio frequency spectrum and the second focusing on particular types of uses of the spectrum. Both types of studies will examine present and planned equipment usage to determine if the spectrum is efficiently and effectively used, the potential for compatible sharing of Federal radio services, and the effects of proposed and planned national and international allocation changes on the ability of Federal agencies to complete their mandated missions. NTIA will also investigate the possibility of increased sharing of spectrum resources between Federal and nonfederal radiocommunication systems in order to increase the efficient use of the spectrum within the United States.

Results from NTIA's Radio Spectrum Measurement System and other laboratory measurements will aid in the evaluation of frequency utilization and compliance. In addition, the tests will provide measurement data to support the studies. NTIA will also evaluate data regarding use of frequencies by Federal radio stations to assess the extent and nature of the agencies' use of assignments.

NTIA will continue its system reviews of proposed Federal radiocommunications systems for compliance with Federal regulations and for compatibility with other present and planned systems, its space system reviews of proposed Federal space systems for coordination requirements with foreign countries, and proposed foreign space systems for assessment of compatibility with Federal telecommunication systems. After completion of a preliminary system review, NTIA, with the advice of the Spectrum Planning Subcommittee of the IRAC (interagency advisory group), provides or denies certification of spectrum support for the system or indicates what changes are required in the system before certification can be provided. System reviews are done at the conceptual, experimental, developmental and preproduction stages of a given system's procurement cycle, as required by OMB Circular A-11.

NTIA will resolve operational conflicts that arise between Federal agencies regarding the use of the spectrum and coordinate the process of meeting spectrum requirements that cannot be satisfied within existing policies and procedures. These operational problems are detected through NTIA studies or brought to the attention of NTIA by other agencies. Solving such problems demands analyses of the effects that proposed changes in frequency assignments, operational procedures, or equipment will have on the electromagnetic environment as well as consideration of the various trade-offs between technical and operational factors. NTIA will provide solutions to operational problems involving incompatibility between systems. In support of international spectrum management, NTIA will continue to provide engineering analyses on technical issues necessary to support U.S. participation in and preparation for international conferences and meetings.

(3) Spectrum Operations

NTIA will continue to provide computer facilities and associated software for the data base files supporting spectrum management. Support to spectrum management also includes the update and development of new software to enhance the timeliness and efficiency of the frequency assignment process. To conduct the various reviews and analyses, NTIA continuously assesses its analytical capability to ensure methods of problem solving appropriate to new communication systems and state-of-the-art changes in telecommunications technology.

NTIA develops and maintains analytical computer programs that will permit rapid computation of interference effects between existing and proposed systems. A number of these computer programs must be tailored to fit requirements of specific problems.

Statement of Operating Objectives

NTIA will: (1) process and authorize frequency assignment actions to ensure interference-free operations to Federal stations; (2) maintain and update spectrum management data bases, and issue changes to regulations/allocations; (3) assess the present and projected Federal use of the spectrum by conducting in depth studies of spectrum use (concentrating on bands and services supporting upcoming international conferences and those where significant improvements in utilization appear possible); (4) resolve operational problems concerning interagency conflicts in the use of the radio frequency spectrum that cannot be satisfied within existing policies and procedures by evaluating trade-offs between technical and operational factors; (5) evaluate proposed Federal systems to determine compatibility with present and other proposed systems, adherence to regulations and availability analysis (resulting in approval with changes in the frequency band, operational procedures or system design, or disapproval); (6) provide technical support to the IRAC, and its subcommittees associated with the preparation and participation in international conferences and RS study groups; (7) maintain and update existing computer software used for processing assignments, data bases, and interference calculations; and (8) design or implement new software packages to further improve assignment data processing and analytical engineering evaluation.

To participate effectively in a national planning process, NTIA must have a clear understanding of how the spectrum is used in all sectors of the United States and be able to apply this knowledge to determine how to satisfy both the private sector and federal government requirements for spectrum. NTIA manages the Federal Government agencies use of the spectrum. NTIA maintains a data base of information that shows the authorizations that have been made and the responsible agency. NTIA also has capabilities to analyze and apply this information to ensure radiocommunication operation without harmful interference. Many of these capabilities are computer automated. There is significant room to improve these spectrum management operations and increase the effectiveness and efficient use of the spectrum. Presently, NTIA has no capability or resources to address private sector requirements except on a small case-by-case basis. Therefore, it has been very difficult to fully provide executive guidance on national radiocommunication issues and detailed policies. About 93 percent of the spectrum in the United States is shared by users in both the Federal government and private sectors. For NTIA to clearly address both private sector and Federal government usage, it must know how the spectrum is used by the private sector. To obtain a comprehensive spectrum management data base, NTIA will consolidate information from the FCC with NTIA's data base. With this common data base, automated data processing (ADP) capability, and appropriate analytical capability, NTIA will be able to perform such functions as planning shared spectrum use; assessing spectrum availability for both the private sector and the Federal government; evaluating the impact of new standards or sharing of radio services; and providing a basis to evaluate new spectrum requirements domestically or internationally. Since the data base will be larger than NTIA's present computer can handle, additional ADP capability will be obtained.

NTIA will also determine the private sector and Government spectrum availability based on how the spectrum is presently used in each of the radio services in which new spectrum requirements are projected. Specific spectrum to satisfy the requirements will be identified. The cost to vacate the spectrum by present users and move these users to other bands will be determined. The comprehensive spectrum data base and new or modified analytical capability, implemented during this phase, will be used to perform this task. Technical support will also be provided to develop plans to reallocate spectrum based on the spectrum availability evaluation. The NTIA and FCC would develop plans to modify the allocation tables to satisfy the newly identified telecommunications requirements.

Measures of Performance

Spectrum Management, Analysis and Operations	1994 Estimate	1995 Estimate
• In-Depth Studies		
Long Range Planning	2	2
International Support	1	1
National Support	2	2
• Assignment Actions Processed	86,000	86,000
Data Base Retrievals	4,500	4,500
• Software Packages		
Modified	130	130
Designed or Implemented	2	2
Software Programs upgraded to computer standards	0	0

	1994 Estimate	1995 Estimate
• Technical Support for Problem Resolution Sessions for International and RS Conferences	115	115
• Technical Support for International Conferences and RS mtgs		
Preparation meetings for	4	4
Participation in	4	4
Implement results from	2	2
• System Reviews	88	88
Operational Problems Analyses	2	2
• Develop Emergency Readiness Plans		
Base	0	0
Revisions	1	1
• Studies of Domestic Policy Issues	2	3
• Obtain the necessary ADP capability to use a new comprehensive data base that contains both the Federal and private sector frequency use and perform the necessary analysis to determine spectrum usage and availability.	X	
• Develop the necessary analytical capability to support the analysis to determine spectrum usage and availability.	X	
• Develop a new comprehensive data base that contains both the Federal and private sector frequency use.	X	
• Determine the private sector and Government spectrum availability to satisfy future spectrum requirements.	X	X

	1994 Estimate	1995 Estimate
• Assist in developing a plan to reallocate spectrum based on the usage and availability evaluation.	X	

Exhibit 13

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
INCREASE FOR 1995
(Dollar amounts in thousands)

		1995 Base		1995 Estimate		Increase	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Spectrum Management, Analysis and Operations	Pos/BA	110	$9,223	116	$10,689	+6	+$1,466
	FTE/Obl	111	$9,223	115	$10,689	+4	$1,466
Federal Government Spectrum Management Information Infrastructure						{+3}	{+$810}
Accommodating Users of Government Spectrum						{+1}	{+$656}

Federal Government Spectrum Management Information Infrastructure **(+ 3 FTE, + $810,000).** The rapid growth of radiocommunications in the private, Federal, national, and international sectors has increased the spectrum requirements drastically. Because of its dual role as the President's advisor on telecommunications policy and the Federal spectrum manager, NTIA has a fundamental interest in promoting effective spectrum management throughout the world. The radio frequency spectrum is a natural resource and use of that resource has international implications. The needs of emerging communications technologies require that existing international agreements controlling the use of the spectrum be modified. Without the support of other countries, the United States cannot effectively advance agreements favorable to its interests. The best method for obtaining support is to develop the spectrum management capability of other countries so that international spectrum management agreements are reached on the basis of an intelligent understanding of how the spectrum is used and how much spectrum is available. A sound, automated spectrum management capability is essential to developing this understanding.

To make the spectrum management process more effective, (1) the Federal government must modernize and improve its spectrum management process so as to deliver rapidly the necessary information and uniform analytical capability to NTIA and the Federal agency spectrum managers, and (2) the United States must demonstrate to other countries that it is possible to use the spectrum more efficiently by automating their spectrum management processes. With this information, they will be able to select the minimum amount of spectrum necessary to satisfy their radiocommunications needs; eliminate the potential interference to and from others in the radiocommunications environment; and minimize the time required to obtain frequency authorization and spectrum certification. For the U.S. Federal government, this initiative will allow NTIA to take advantage of the new communications and computer technologies to move the masses of information to and from the agencies. For the foreign country, a desktop spectrum management system will demonstrate the use of both new communications and computer technology.

The objectives of this initiative are to: (1) develop the architecture for and implement the necessary communications, computer and electronic processing capability that would provide a secure two-way communications highway from NTIA to the Interdepartment Radio Advisory Committee (IRAC) members, which includes the FCC, to manage the spectrum more efficiently and effectively, and (2) provide a desktop spectrum management system to assist NTIA in managing the spectrum and assist personnel in other Federal agencies to manage the spectrum, demonstrate basic spectrum management principles to spectrum managers from other countries, and provide a fundamental building block for establishing automated spectrum management systems for other countries.

FEDERAL GOVERNMENT SPECTRUM MANAGEMENT INFORMATION INFRASTRUCTURE.

This infrastructure would be used by spectrum managers to perform their major tasks which include: (1) coordinating with the spectrum management community and obtaining frequency authorization and spectrum certification, (2) developing and coordinating Federal and non-Federal spectrum policy and procedures; (3) performing a host of spectrum analyses; (4) developing proposals for, providing comments and changes to, and coordinating on Federal and international proposals in preparation for world administrative radio conferences and technical meetings; and (5) providing information to and obtaining information from federal, national and international spectrum management data bases that define the radiocommunication environment. The infrastructure will allow Federal, national, and international information on (1) spectrum certification, (2) spectrum allocation, (3) geography, (4) rules and regulations, (5) spectrum plans and studies, (6) analysis tools, (7) data bases, (8) frequency assignment, and (9) administration and policy development, to flow to and from NTIA and the Federal agencies. Consideration will also be given to televideo conferencing capability for interagency meetings including the IRAC, its subcommittees, its ad hoc groups, and other essential meetings.

This new capability would provide the spectrum manager access to: (1) the latest spectrum environment information (spectrum use data bases) needed to manage spectrum assets, to perform interference analysis, and to select spectrum/frequencies; (2) the computer programs needed to select spectrum for radiocommunications requirements in a way that maximizes sharing and spectrum efficiency while not creating unacceptable interference to other users; (3) the necessary computer programs to prepare errorless applications for spectrum certification and frequency assignment that comply with NTIA rules and regulations; and, (4) an information distribution system that can be used to forward spectrum requests through channels and receive certification of spectrum availability or authorization to operate.

This objective supports NTIA's Office of Spectrum Management responsibilities, addresses the anticipated demand for spectrum in the future, and takes advantage of the profound expansion of communication and computer technologies.

NTIA manages the Federal use of the frequency spectrum through advise and consent of the Federal agencies via the Interdepartment Radio Advisory Committee (IRAC). This process entails over 200 intergovernmental meetings annually, the exchange and distribution of thousands of documents, the continuous use of a mainframe computer and a host of personal computers, the continuous update of the Federal rules and regulations, the processing of approximately 8,000 frequency assignment requests monthly, the spectrum certification for approximately $3 to $4 billion worth of future Federal agency radiocommunications and the continual update of the Federal government master authorization data base

(441,000 frequency assignment records). Approximately 70,000 pages of documentation are processed annually for the IRAC administrative process alone. The present procedure is to maintain hard copies of the records and then microfilm them on an annual basis. The paper process is costly, tends to be inefficient, and will continue to be used unless improvements are made.

This will require a multiyear effort, which includes establishing a contract with four major activities:

(1) Capability Definition. Review the current spectrum management information exchange processes; relate this to the desired goal of a largely paperless management, decision making, and information exchange process; and define the capability required.

(2) Architecture Selection. Develop various communication/computer/management architecture options that will achieve the desired capability taking into consideration costs, equipment, technology trends, telecommunication needs, software availability, and security needs; rank and recommend the options developed with appropriate rationale; and work with NTIA and the Federal agencies to select the appropriate architecture option.

(3) Communications and System Hardware, Software and Integration Definition. Define the necessary communications, hardware, software and associated integration based on the selected architecture that will provide the desired capability definition; develop a time phased implementation schedule and cost estimates for the agencies and NTIA; and obtain government approval to proceed with the acquisition.

(4) Communications and System Hardware and Software Acquisition and Placement. Provide the necessary communications and system hardware and software at NTIA and the Federal agencies; test and exercise the system to show that it meets the desired architecture and capability specifications; train the Federal users to use the capability; and turn the system over to the respective agencies and NTIA for continued maintenance and operational use. The resources to perform this phase would be shared between NTIA and the Federal agencies as specified below. The Federal agencies would have to include cost estimates in their respective budgets for FY 1996 and in the outyears.

DESKTOP SPECTRUM MANAGEMENT SYSTEM

NTIA has provided assistance to a number of countries, including Venezuela, Thailand, China, Poland, Nicaragua, and Papua New Guinea that have been interested in improving their spectrum management capability. NTIA has received many other requests from developing countries for similar assistance. In each case, there has been a fundamental need for a basic desktop spectrum management system for maintaining the frequency assignment database and for providing a basic spectrum analysis capability. NTIA has a fundamental interest in promoting effective spectrum management throughout the world.

NTIA would select the hardware and software necessary for the desktop spectrum management system and would provide an interface between its existing Microcomputer Spectrum Analysis Models (MSAM) and the frequency assignment database. The hardware would be selected on the basis of availability in other countries, cost, performance, and the ability to use an appropriate database management system. The software would be selected on the basis of availability in other countries, cost, performance, ease of software development, ease of use, and ability to support a frequency assignment database. The resulting capability would provide spectrum managers from other countries with the capability to develop, maintain, and use a frequency assignment database including the capability to notify proposed frequency assignments to the International Telecommunication Union. The resulting capability would also provide those spectrum managers with the capability to perform basic analysis using the frequency assignment database. The basic analysis capability would include frequency selection, interference analysis, calculation of potential intermodulation products, and estimation of propagation loss.

Measures of Performance

The widespread availability of an improvements in automation provides an opportunity to vastly improve current spectrum management processes within the Federal government. With these applications, it is possible to:

- increase spectrum efficiency.
- increase the probability that frequencies would be available for operations.
- increase the cooperation and timeliness of coordination between NTIA, the Federal agencies, and the FCC.
- decrease the processing time.
- decrease submission errors.
- reduce and eliminate many paper transactions.
- increase the linkage between all spectrum management processes.
- institutionalize a process that will carry well into the 21st century.
- provide a basis for world leadership in the spectrum management community.

Accommodating Users of Government Spectrum (+1 FTE, + $656,000). This initiative will assist displaced government users in reaccommodating to other parts of the spectrum and, at the same time, improve the efficiency and effectiveness of spectrum use.

Emerging radiocommunications technologies hold significant promise for providing new, highly marketable consumer services. Implementation of these new services or enhanced existing services cannot be accomplished until spectrum is identified that can be used for these purposes. Enactment of Public Law 103-66 amended NTIA's Organization Act (47 U.S.C. 901 et seq) and requires the Secretary of Commerce to identify and recommend bands of frequencies currently allocated for Federal Government use that can be made available for use by the private sector to realize the potential of these emerging technologies. There will be many problems moving Federal users out of reallocated bands and non-government users into these bands. To aid in this transition, NTIA will award a contract to establish a "command center" of highly-skilled electromagnetic compatibility (EMC) engineers using the latest, most sophisticated techniques who will provide assistance in the selection of frequencies for new users of reallocated frequency bands and for displaced government users. These experts would assist the applicants with data verification and frequency selection through site surveys, contacts with manufacturers, equipment testing, on-the-air monitoring, and EMC analyses, as appropriate, to achieve the most efficient and effective use of the spectrum. This "command center" would serve as a clearing house for all applications for use of the bands to be reallocated under the legislation now being considered by the Congress. This expert assistance would be concentrated on the reaccommodation of users of the primary fixed service, with potential for applying techniques used and lessons learned to other services and other bands with time.

Measures of Performance

Recent legislation that will result in the transfer of 200 Mhz of Federal spectrum to the FCC for the subsequent distribution to the private sector will result in problems in moving Federal users out of reallocated bands and non-Government users into these bands. NTIA's role as the primary government manager of the Federal spectrum will ensure continued Federal service to the public, the expansion of the U.S. telecommunications industries into new markets, and the reduction of the deficit through competitive bidding for spectrum.

22–Feb–94

Exhibit 14

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity: Spectrum Management
Subactivity: Spectrum Management, Analysis and Operations
Program Change: Federal Government Spectrum Management Information Infrastructure

Personnel Title:		Grade	Number	Annual Salary	Total Salaries
Telecommunications Manager		14	1	59,022	59,022
Computer Specialists		12	3	42,003	126,009
Subtotal			4		185,031
Less lapse	25.00%		(1)		(46,258)
Total full–time permanent			3		138,773
1995 Pay Adjustment (1.6%)					2,220
					140,993
Personnel Data					
Full–Time Equivalent Employment:					
Full–time permanent			3		
Other than full–time permanent			0		
Total			3		
Authorized Positions:					
Full–time permanent			4		
Other than full–time permanent			0		
Total			4		

22–Feb–94

Exhibit 15

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Spectrum Management
Subactivity: Spectrum Management, Analysis and Operations
Program change: Federal Government Spectrum Management Information Infrastructure

Object Class	1995 Increase
11 Personnel compensation	
11.1 Full–time permanent	141
11.3 Other than full–time permanent	
11.5 Other personnel compensation	
11.9 Total personnel compensation	141
12.1 Civilian personnel Benefits	43
21 Travel and transportation of persons	10
22 Transportation of things	0
23.1 Rental payments to GSA	28
23.2 Rental payments to others	1
23.3 Communications, utilities and misc charges	6
24 Printing and reproduction	1
25.1 Consulting Services	440
25.2 Other Services	21
26 Supplies and materials	6
31 Equipment	113
99 Total obligations	810

18–Feb–94

Exhibit 14

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity: Spectrum Management
Subactivity: Spectrum Management, Analysis and Operations
Program Change: Accommodating Users of Government Spectrum

Personnel Title:		Grade	Number	Annual Salary	Total Salaries
Telecommunications Manager		14	1	59,022	59,022
Electronics Engineer		12	1	46,202	46,202
Subtotal			2		105,224
Less lapse	25.00%		(1)		(26,306)
Total full–time permanent			1		78,918
1995 Pay Adjustment (1.6%)					1,263
					80,181
Personnel Data					
Full–Time Equivalent Employment:					
Full–time permanent			1		
Other than full–time permanent			0		
Total			1		
Authorized Positions:					
Full–time permanent			2		
Other than full–time permanent			0		
Total			2		

22–Feb–94

Exhibit 15

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Spectrum Management
Subactivity:	Spectrum Management, Analysis and Operations
Program change:	Accommodating Users of Government Spectrum

	Object Class	1995 Increase
11	Personnel compensation	
11.1	Full–time permanent	80
11.3	Other than full–time permanent	
11.5	Other personnel compensation	
11.9	Total personnel compensation	80
12.1	Civilian personnel Benefits	24
21	Travel and transportation of persons	10
22	Transportation of things	0
23.1	Rental payments to GSA	14
23.2	Rental payments to others	0
23.3	Communications, utilities and misc charges	3
24	Printing and reproduction	3
25.1	Consulting Services	506
25.2	Other Services	11
26	Supplies and materials	3
31	Equipment	2
99	Total obligations	656

22-Feb-94

Exhibit 10

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Telecommunication Sciences Research
Subactivity: Spectrum Research and Analysis
Systems and Networks Research and Analysis

Line Item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Telecommunication Sciences Research											
Spectrum Research and Analysis	Pos./BA.	19	1,749	22	1,915	22	2,038	21	1,966	(1)	(72)
	FTE/Obl.	25	1,924	24	1,915	25	2,038	24	1,966	(1)	(72)
Systems and Networks Research and Analysis	Pos./BA.	18	1,892	24	2,110	24	2,245	24	2,236	0	(9)
	FTE/Obl.	20	1,726	22	2,281	23	2,245	23	2,236	0	(9)
Total	Pos./BA.	37	3,641	46	4,025	46	4,283	45	4,202	(1)	(81)
	FTE/Obl.	45	3,650	46	4,196	48	4,283	47	4,202	(1)	(81)

Exhibit 12

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
Justification of Program and Performance

Activity: **Telecommunication Sciences Research**
Subactivity: **Spectrum Research and Analysis**

Goal Statement

Through telecommunication research and engineering, NTIA supports Administration telecommunication goals such as enhanced domestic competition, improved foreign trade opportunities for U.S. telecommunication firms, and more efficient use of the radio frequency spectrum. Specifically, the goals of the Spectrum Research and Analysis subactivity are to:

- Coordinate preparations for U.S. participation in international telecommunications conferences and negotiations in cooperation with other interested agencies/Administrations/industry groups.
- Provide technical advice to assist in the development and promulgation of Executive Branch policies relating to domestic and international telecommunications and information issues.
- Continue the technical measurement work related to spectrum occupancy issues supporting NTIA's principal mandate to effectively manage the Federal Government's use of the radio frequency spectrum.
- Accomplish research and engineering to promote technology advancement and the efficient delivery of public services by assisting other Federal agencies, State and local Governments, and private industry in solving specific telecommunications problems.
- Foster the application of research and engineering results through technology transfer and commercialization activities.

Proposed Legislation

Section 1255 of the Omnibus Budget Reconciliation Act of 1981, P.L. No. 97-35, requires that NTIA obtain an authorization of its annual appropriation. NTIA's functions were codified in the NTIA Organization Act, which became law as part of the Telecommunications Authorization Act of 1992, Public Law No. 102-538, 106 Stat. 3533 (1992). Legislation authorizing appropriations for continuation of the programs and activities of NTIA has been proposed for FYs 1995 and 1996.

Base Program

Explanation and Justification

Through the Spectrum Research and Analysis subactivity, NTIA performs state-of-the-art telecommunication research and engineering to further applied knowledge of the radio frequency spectrum and to improve telecommunications system planning, design, and evaluation. Efforts include research directed toward improving the understanding of radio-wave transmission to enhance spectrum utilization and the performance of radio-communication systems. Important results of this research are spectrum use concepts and models that lead to more efficient industry and Government use of the radio frequency spectrum, and electromagnetic wave and propagation models that lead to improvement in radio system performance. This knowledge base is essential to support NTIA's policy development, spectrum management responsibilities, and technical support to other Federal agencies. These research and engineering efforts are directed toward improving the U.S. telecommunications technology base and providing a technical foundation for Administration telecommunications policy development in national and international arenas.

As a result of these activities, NTIA has established a core telecommunications research expertise that is accessible to both the public and private sector. Through reimbursable agreements with other Federal agencies, NTIA applies its expertise to practical problems in telecommunications today. For example, both other government agencies and the private sector have access to NTIA's advanced propagation models through two methods: 1) purchase of select models through the National Technical Information Service, or 2) direct access, at cost, to an automated service which provides the opportunity to apply the latest models to a specific problem. The combination of direct-funded NTIA efforts and other agency-sponsored work operates in a synergistic manner, leading to greater contributions to and reinforcement of NTIA's telecommunication policy oversight and spectrum management roles.

As part of NTIA's mandate to oversee the usage of the radio frequency spectrum by Federal agencies, NTIA maintains a mobile capability to monitor and measure the actual use of the spectrum. In FY 1992, NTIA purchased a new Radio Spectrum Measurement System (RSMS) van which is equipped with instrumentation that can monitor signals between 10 kHz and 20 GHz. NTIA utilizes this system to perform measurements in the land mobile and radar bands at selected sites, and make other specialized measurements as necessary to ensure compliance with frequency assignment rules and regulations. NTIA's efforts are directed toward the measurement of spectrum usage in these selected bands and summarizing the results in support of specific IRAC concerns. The RSMS is also available for other agency applications on a reimbursable basis. In FY 1993, the RSMS was used to resolve interference problems between Government airborne radars and television receive-only installations operated by cable television companies. In FY 1994 and 1995, measurements will be undertaken on behalf of the U.S. Air Force and NSA to assess spectrum occupancy use and radio interference concerns. NTIA will also be assisting various Department of Defense agencies to efficiently operate their own radio monitoring programs through technical consultations, and modification, design and construction of new radio monitoring systems. This work is based heavily on expertise developed for the RSMS, but it also provides an important means of investigating the use of advanced measurement hardware and software for the RSMS itself. As the requirements for measurements evolve, NTIA must continue to develop improved software and measurement techniques to support these increasingly sophisticated technical activities.

Spectrum Resource Assessments are performed as required in order to assess current and future Federal use of the spectrum and determine where significant improvements in utilization appear possible. In FY 1995, these activities will continue to support essential spectrum utilization analyses ongoing at NTIA. Technical support will be continued on major frequency management concerns through representation at technical subcommittee (IRAC) meetings with principal emphasis on improving Federal spectrum use and reallocating portions of that spectrum to the private sector.

As the need evolves for telecommunication systems throughout the world to become integrated, the trend is towards providing diverse services, such as audio, video, data, broadcasting, and common carrier services through an integrated system of fiber optics, satellites, and broadband radio systems. Despite the increasing role of fiber optics as the backbone of integrated networks, radio still has an important role in portable and mobile communications, and will play an increasingly important role as the method of choice for connecting the end user to the network and for providing a variety of personal communication services. Another trend becoming evident as technology advances is that of radio systems utilizing higher frequencies. In fact, many radio systems are already moving into the millimeter wave band, which is located at the upper end of the allocated radio spectrum (30-300 GHz). These frequencies can transmit vastly more information than is currently possible with the lower frequencies that are used in microwave relay systems. In addition, reallocating existing frequency users of lower bands to these higher frequency ranges will help ease the congestion experienced at the lower bands, as well as provide for additional frequency availability.

NTIA continues to provide support to the development of personal communication services (PCS). Measurements and modeling of the propagation of radio waves on short paths in man-made environments are crucial for the development of effective policy and planning and for the development of commercially viable systems. NTIA continues to support private industry in their PCS technology development efforts through technology transfer under cooperative research and development agreements (CRADA). Under CRADAs with U.S. West Advanced Technologies, Inc., Bell Atlantic Mobile Systems, and Telesis Technologies Laboratory, Inc., NTIA is making measurements necessary to determine optimum design parameters for PCS systems. Efforts in FY 1994 and FY 1995 will provide reference models of the PCS channel and limited simulation capabilities assisting in the development of PCS standards.

Two major objectives are currently served by the broadband radio program to promote the orderly and effective commercial development of broadband radio systems. One objective is to support the development of wireless local area networks (WLAN) through models supported by measurements that enable the accurate prediction of broadband communication link performance as limited by propagation. These models serve as a basis for system planning and design as well as spectrum regulation. Major contributions are also provided to standards development through participation in the IEEE 802.11 Standards Committee. To this end, NTIA's studies are currently directed towards a better understanding of the behavior of broadband radio waves in indoor environments. A second objective is to demonstrate the viability of various broadband radio systems including millimeter wave systems. These demonstrations are meant to elucidate, in a convincing manner, the possible effective uses of millimeter waves for telecommunications and so accelerate commercial development.

Under other agency agreements, NTIA is providing telecommunications planning assistance to a variety of Federal agencies. In FY 1993, NTIA completed a national, strategic telecommunications plan for the Forest Service. In FY 1994 and FY 1995, implementation plans will be completed for Forest Service Regions. NTIA is also providing support to the Federal Highway Administration in the development of the Intelligent Vehicles Highway System (IVHS), which was initiated in FY 1993. In FY 1994 and FY 1995, an Electromagnetic Compatibility (EMC) control plan will be developed and EMC analysis of the national IVHS architecture initiated.

The demand for new and expanding telecommunication systems such as advanced television (ATV) systems, cellular mobile telephone, and radio navigation systems has placed increased burdens on spectrum planners and policy makers. To address this situation NTIA develops fundamental data and more accurate modeling of radio propagation that will lead to improved methods of planning spectrum sharing among the various users. Many systems of today, and especially those in the near future, will transmit signals using wide frequency bandwidths that are necessary for the large amounts of information being sent. Many of the new systems are using digital modulation. Predicting how these systems can share the same spectrum space requires a better understanding of broadband radio propagation and the use of multi-dimensional modeling techniques. In FY 1993, NTIA began the simulation of advanced wideband digital modulations to evaluate their performance for ATV applications. It is anticipated that NTIA's analysis of data will provide important contributions to the ATV issue. The propagation models developed from these simulation experiments are needed to identify the nature and degree of the propagation effects which may limit the use of VHF/UHF broadcasting for ATV. In FY 1994 and FY 1995, NTIA will provide propagation measurement support to the over-the-air testing of candidate advanced television systems.

Statement of Operating Objectives

FY 1995 operating objectives for the Spectrum Research and Analysis subactivity are summarized by program area below.

Radio Spectrum Measurement System: Provide measurements of environmental radio signals for the purpose of resolving selected frequency management problems.

Spectrum Resource Assessments: Complete one spectrum resource assessment.

Personal Communication Services: Study and characterize the propagation of radio waves in outdoor man-made environments for personal communication services (PCS).

Broadband Radio: Study and characterize the transmission channel for within-building wireless local area networks.

Advanced Television Systems: Provide assistance in analyzing ATV systems in over-the-air testing.

Measures of Performance

	1994 Estimate	1995 Estimate
# of spectrum analysis studies to improve Government spectrum use	2	2
# of propagation models to assist Government and other users of radio systems	2	2

Exhibit 13

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
Justification of Program and Performance

Activity: Telecommunication Sciences Research
Subactivity: Systems and Networks Research and Analysis

Goal Statement

Through telecommunication research and engineering, NTIA supports Administration goals of enhancing domestic competition and improved foreign trade opportunities for U.S. telecommunication firms. Specifically, the goals of the Systems and Networks Research and Analysis subactivity are to:

- Coordinate preparations for U.S. participation in international telecommunications conferences and negotiations in cooperation with other interested agencies/Administrations/industry groups.
- Provide technical advice to assist in the development and promulgation of Executive Branch policies relating to domestic and international telecommunications and information issues.
- Accomplish research and engineering to promote technology advancement and the efficient delivery of public services by assisting other Federal agencies, State and local Governments, and private industry in solving specific telecommunications problems.
- Foster the application of research and engineering results through technology transfer and commercialization activities.

Proposed Legislation

Section 1255 of the Omnibus Budget Reconciliation Act of 1981, P.L. No. 97-35, requires that NTIA obtain an authorization of its annual appropriation. NTIA's functions were codified in the NTIA Organization Act, which became law as part of the Telecommunications Authorization Act of 1992, Public Law No. 102-538, 106 Stat. 3533 (1992). Legislation authorizing appropriations for continuation of the programs and activities of NTIA has been proposed for FYs 1995 and 1996.

Base Program

Explanation and Justification

Through the Systems and Networks Research and Analysis subactivity, NTIA performs studies directed toward developing domestic and international telecommunications standards, assessing the performance of industry and Government telecommunication networks, and evaluating new technologies for application to future needs. These activities facilitate competition in the U.S. telecommunications industry, promote international trade opportunities for U.S. telecommunication firms, and improve the cost effectiveness of Government telecommunications use.

In its international standards activity, NTIA is working to expand trade opportunities for U.S. telecommunications and information providers by leading and supporting U.S. participation in key technical negotiations of the TSS (formerly the CCITT) and the RS (formerly the CCIR). NTIA's standards activities under Systems and Networks Research and Analysis are focused on technical aspects of international standards development. They complement NTIA's efforts in the international policy area.

NTIA continues its leadership of U.S. TSS Study Group B on Integrated Services Digital Networks (ISDNs) at the request of the Department of State and continues a leadership responsibility for ISDN performance standards development within TSS Study Group 13. ISDN is a rapidly-evolving digital network technology which will ultimately provide integrated data, voice, and video communication services to subscribers on a worldwide basis. NTIA will promote U.S. domestic competition and international trade objectives by continuing its leadership of U.S. TSS Study Group B, and will continue to lead a major work program aimed at developing comprehensive performance standards for ISDNs. This effort has been of particular importance because of the recent reorganization of the ITU, requiring an increased level of participation on the part of NTIA. NTIA will sustain its effort to broaden and strengthen U.S. industry participation in international standards development through seminars and workshops, conference presentations, technical publications, and the provision of standards information services.

NTIA's international standards activities are complemented by active involvement in the development of U.S. standards for ISDNs and advanced packet-switching networks within the American Standards Institute (ANSI)-accredited T1 (Telecommunications) Standards Committee. NTIA continues its leadership of Working Group T1A1.3, which is responsible for developing performance standards for U.S. digital networks including ISDNs. Also, NTIA continues its participation in the T1S1 Subcommittee, which is responsible for the development of U.S. standards for switching and signaling in emerging narrowband and future broadband ISDNs; and in Working Groups T1A1.5 and T1A1.6, which are responsible for developing advanced digital voice and video encoding standards. NTIA will develop formal contributions to national and international standards committees proposing technical solutions to some of the most compelling issues facing U.S. telecommunications, planners, including the interoperation of multi-vendor systems (cable, microwave, fiber, satellite) in a competitive environment and the key ISDN problem of economical resource sharing among integrated services. NTIA's results will promote competition and innovation in the provision of integrated broadband digital services and will facilitate efficient matching of such services with user needs. NTIA will continue to lead and coordinate standards development in key U.S. telecommunications industry forums in, and will work to ensure that emerging U.S. ISDN standards are consistent with a competitive market environment and with applicable NTIA and FCC policy guidelines. The technical standards developed in these T1 forums during the next few years will influence network planning and procurement decisions spanning the 1990s and involve hundreds of billions of dollars in capital investment.

NTIA's international and U.S. standards committee leadership is supported by telecommunications research and engineering activities directed towards the development, implementation, and promulgation of user-oriented performance measures for integrated data, voice, and video communications equipment and services. NTIA continues the development of a prototype ISDN performance measurement laboratory implementing NTIA-developed national and international telecommunication performance standards, and continues research aimed at developing user-oriented, technology-independent performance parameters and measurement methods for digital voice and video communication services. Also, NTIA continues its research efforts in digital video communication services supporting such future applications as video telephony and teleconferencing, computer-aided design and manufacturing, and High Definition Television. A specific goal will be to define technology-independent performance measures to facilitate a comparative evaluation of fiber optic, coaxial cable, and satellite transmission media in communicating high-definition video signals. NTIA began applying its performance measurement technology to aid in the development of the National Information Infrastructure (NII). This effort builds upon NTIA's ongoing work in broadband networks and personal communication services (PCS), and includes development of new technology as well as application of existing results. In addition, NTIA is increasing its participation in standards and policy planning for the National Research and Education Network, a key element of the NII initiative. These efforts continue to be strengthened by various other agency projects. NTIA will further expand its integrated voice/video/data communication performance studies through cooperative programs with private industry organizations.

NTIA is also involved in the development of Federal and domestic standards with other agency funding, including technical aspects of Federal standards, interoperability analyses, and technical and economic impact assessments. Often, concepts advocated by NTIA in the domestic and international standards arena serve equally well in the Federal standards area. Thus, there is much synergy between the two activities as NTIA works to promote the overriding goals of open competition and unrestricted technology advancement.

NTIA continues a major research effort aimed at promoting effective integration of advanced satellite systems with broadband terrestrial systems in future broadband ISDNs. Studies have examined ISDN technologies and service requirements, identified relevant advanced satellite system capabilities, and outlined alternative architectures for integration of satellite-based transmissions and switching systems with ultra-high speed terrestrial networks. NTIA will continue to examine the questions of network management for these integrated networks, appropriate services to be provided by the networks, and performance of the networks in providing these services, giving particular attention to the interface and functional standards required. Results will be disseminated in technical reports, open literature publications, and contributions to national and international standards committees including both TSS and RS. Benefits will include enhanced efficiency and survivability in national and international broadband telecommunication services and continued strength in the U.S. satellite communications industry.

In a related program, NTIA continues its work in developing and characterizing prototype test equipment and methodology for measuring advanced satellite system performance using NTIA-developed national and international telecommunication performance standards. These test sets and associated methodology have been used to establish the baseline performance of conventional satellite systems prior to the testing with the advanced satellite systems. These activities, in part, support NTIA's responsibilities in the NASA-sponsored Advanced Communications Technology Satellite (ACTS) initiative. The ACTS, which was launched in mid 1993, implements and optimizes high-risk technologies that offer substantial improvements in spectrum and orbit efficiency and facilitates new broadband satellite applications. Successful implementation of ACTS capabilities is essential to maintaining U.S. leadership and international trade opportunities in satellite equipment and services.

Statement of Operating Objectives

FY 1995, operating objectives for the Systems and Networks Research and Analysis subactivity are summarized by program area below.

International Standards: In cooperation with U.S. TSS Study Group B and the U.S. TSS National Committee, continue development of positions for the 1996 TSS World Telecommunication Standardization Conference Plenary Assembly. Prepare new Recommendations on ISDN and Broadband ISDN performance to Study Group 13 for approval.

Domestic Standards: Provide strong leadership and continued technical support to Telecommunications Standards Committee T1. Prepare and coordinate final technical contributions to proposed new ITU Recommendations impacting U.S. telecommunications policy and trade objectives. In cooperation with other T1 participants, develop proposed American National Standards defining ISDN and Broadband ISDN interfaces and protocols consistent with those specified in related ITU Recommendations.

Performance Assessment: Continue development and implementation of technology-independent performance measures for user-oriented assessment of advanced video communication services. Integrate these measures with previously-defined voice and data quality measures, and in cooperation with industry participants, demonstrate their joint operation in ISDN and Broadband ISDN performance evaluation. Apply measures to the NREN and other components of the evolving NII. Present measurement results in open literature publications.

Advanced Satellites: In cooperation with U.S. industry participants, define technical requirements for interface, signalling, and network management and control standards required to effectively integrate broadband terrestrial and satellite-based ISDN transmission and switching facilities. Conduct measurements of conventional satellite system baseline performance.

Measures of Performance	1994 Estimate	1995 Estimate
# of technical planning and evaluation efforts in support of Government and private sector telecommunication systems and networks	4	5
# of contributions to the development of national and international telecommunication standards	6	6
# of standards committee meetings headed	6	6

Exhibit 13

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
ADMINISTRATIVE SAVINGS FOR 1995
(Dollar amounts in thousands)

	1995 Base Amount	1995 Estimate Amount	Decrease Amount
Salaries and Expenses	$20,981	$20,929	$ (52)

The following data table portrays Administrative Savings (Executive Order 12837) in detail:

Domestic Policies	$ 2,202	$ 2,198	$ (4)
International Policies	$ 2,522	$ 2,517	$ (5)
Spectrum Plans and Policies	$ 2,751	$ 2,745	$ (6)
Spectrum Management, Analysis and Operations	$ 9,223	$ 9,203	$ (20)
Spectrum Research and Analysis	$ 2,038	$ 2,030	$ (8)
Systems and Networks Research and Analysis	$ 2,245	$ 2,236	$ (9)

	1995	1996	1997	1998	1999
Costs & Benefits:					
Direct Obligations:					
Uncapitalized	(52)	(105)	(195)	(195)	(195)
Budget Authority	(52)	(105)	(195)	(195)	(195)
Outlays	(52)	(105)	(195)	(195)	(195)
Benefits in dollars	(52)	(105)	(195)	(195)	(195)

22-Feb-94

Exhibit 15

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Domestic and International Policies Spectrum Management Telecommunication Sciences Research
Subactivity:	Domestic Policies International Policies Spectrum Plans and Policies Spectrum Management, Analysis and Operations Spectrum Research and Analysis Systems and Networks Research and Analysis
Program change:	Executive Order 12837 (Administrative Savings)

	Object Class	1995 Decrease
11	Personnel compensation	0
11.1	Full-time permanent	
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.9	**Total personnel compensation**	0
12.1	Civilian personnel Benefits	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and misc charges	0
24	Printing and reproduction	0
25.1	Consulting Services	0
25.2	Other Services	0
26	Supplies and materials	(48)
31	Equipment	(4)
		0
99	**Total obligations**	(52)

Exhibit 13

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
FTE SAVINGS FOR 1995
(Dollar amounts in thousands)

		1995 Base		1995 Estimate		1995 (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Salaries and Expenses	Pos./BA.	223	20,981	220	20,789	(3)	(192)
	FTE/Obl.	225	20,981	222	20,789	(3)	(192)

The following data table portrays FTE Savings
(Executive Order 12839) in detail:

			Personnel	Amount	Personnel	Amount	Personnel	Amount
Activity:	Spectrum Management	Pos./BA.	110	9,223	108	9,095	(2)	(128)
Subactivity:	Spectrum Management, Analysis and Operations	FTE/Obl.	111	9,223	109	9,095	(2)	(128)
Activity:	Telecommunication Sciences Research	Pos./BA.	23	2,038	22	1,974	(1)	(64)
Subactivity:	Spectrum Research and Analysis	FTE/Obl.	25	2,038	24	1,974	(1)	(64)

Costs & Benefits:	1995	1996	1997	1998	1999
Direct Obligations (Uncapitalized):	(192)	(192)	(192)	(192)	(192)
Budget Authority	(192)	(192)	(192)	(192)	(192)
Outlays	(192)	(192)	(192)	(192)	(192)
Permanent Positions	(3)				
FTEs	(3)	—	—	—	—
Benefits in Dollars:	(192)	(192)	(192)	(192)	(192)

22–Feb–94

Exhibit 14

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity:	Spectrum Management, and Telecommunication Sciences Research
Subactivity:	Spectrum Management, Analysis and Operations Spectrum Research and Analysis
Program Change:	Executive Order 12839 (FTE Savings)

Personnel Title:	Grade	Number	Annual Salary	Total Salaries
Telecommunications Manager	14	(1)	(56,628)	(56,628)
Program Manager	12	(1)	(47,920)	(47,920)
Electronics Engineer	12	(1)	(45,995)	(45,995)
Total full–time permanent		(3)		(150,543)

Personnel Data	
Full–Time Equivalent Employment:	
Full–time permanent	(3)
Other than full–time permanent	0
Total	(3)
Authorized Positions:	
Full–time permanent	(3)
Other than full–time permanent	0
Total	(3)

22–Feb–94

Exhibit 15

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Spectrum Management and Telecommunication Sciences Research
Subactivity:	Spectrum Management, Analysis and Operations Spectrum Research and Analysis
Program change:	Executive Order 12839 (FTE Savings)

Object Class		1995 Decrease
11	Personnel compensation	(150)
11.1	Full–time permanent	
11.3	Other than full–time permanent	
11.5	Other personnel compensation	
11.9	**Total personnel compensation**	(150)
12.1	Civilian personnel Benefits	(42)
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and misc charges	0
24	Printing and reproduction	0
25.1	Consulting Services	0
25.2	Other Services	0
26	Supplies and materials	0
31	Equipment	0
99	Total obligations	(192)

18-Feb-94

Exhibit 16

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class:	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate /1	Increase/ (Decrease) Over 1995 Base
11 Personnel compensation	10,013	10,483	11,155	11,226	71
11.1 Full-time permanent	557	301	301	301	0
11.3 Other than full-time permanent	189	58	58	58	0
11.5 Other personnel compensation					
	10,759	10,842	11,514	11,585	71
11.9 Total personnel compensation					
	1,881	2,379	2,573	2,598	25
12.1 Civilian personnel Benefits	476	591	269	289	20
21 Travel and transportation of persons	13	11	11	11	0
22 Transportation of things	1,544	1,679	1,741	1,783	42
23.1 Rental payments to GSA	0	0	0	1	1
23.2 Rental Payments to Others	528	857	857	866	9
23.3 Commun., util., misc. charges	98	337	347	351	4
24 Printing and reproduction	8	289	289	1,235	946
25.1 Consulting Services	537	40	39	37	(2)
25.2 Other Services	1,668	1,585	1,816	1,802	(14)
25.3 Purchase of goods & services from other Gov't agencies	0	139	0	0	0
25.4 Research and development contracts	388	385	242	247	5
26 Supplies and materials	465	1,247	1,283	1,398	115
31 Equipment	10	0	0	0	
41 Grants, subsidies, and contributions	18,375	20,381	20,981	22,203	1,222
99 Total Obligations					

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

Exhibit 16

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) Over 1995 Base
Personnel Data:					
Direct:					
Full–Time equivalent Employment:	186	196	202	203	1
Full–time permanent	23	23	23	23	0
Other than full–time permanent	209	219	225	226	1
Total:					
Authorized positions:	195	217	218	221	3
Full–time permanent	0	0	0	0	(3)
Other than full–time permanent	195	217	218	221	0
Total:					

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustment to Base	1995 Base	1995 Estimate /1	Increase/ (Decrease)
11 Personnel compensation				
11.1 Full-time permanent				
Executive level		108	108	
Senior executive service	39	1,321	1,321	
General schedule	633	9,726	9,797	71
Consultants & experts				
Subtotal	672	11,155	11,226	71
11.3 Other than full-time permanent				
General schedule		301	301	
Consultants & experts				
Subtotal		301	301	
11.5 Other personnel compensation				
Overtime		34	34	
Cash awards		24	24	
Subtotal		58	58	
11.9 Total personnel compensation	672	11,514	11,585	71
12.1 Civilian personnel benefits				
Civil service retirement	5	104	103	(1)
Federal employees' retirement	84	921	936	15
Thrift savings plan	14	204	205	1
Federal Insurance Contribution Act	36	508	514	6
Health Insurance	62	768	774	6
Life insurance	2	36	35	(1)
Employees' compensation fund	(20)	16	15	(1)
Other	11	16	16	
Subtotal	194	2,573	2,598	25

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustment to Base	1995 Base	1995 Estimate /1	Increase/ (Decrease)
21 Travel and transportation of persons				
Common carrier	(136)	130	139	9
Per diem/actual	(136)	130	141	11
Other		9	9	
Subtotal	(272)	269	289	20
22 Transportation of things		11	11	
23.1 Rental payments to GSA	62	1,741	1,783	42
23.2 Rental Payments to Others	0	0	1	1
	62	1741	1784	43
23.3 Communications, utilities and miscellaneous charges				
Rental of ADP equipment		428	432	4
Rental of office copying equipment		93	94	1
Other equipment rental		31	31	
Federal telecommunications system		155	157	2
Other telecommunications services		118	119	1
Postal Service by USPS		32	33	1
Other				
Subtotal		857	866	9
24 Printing and reproduction				
[Payments to WCF]		311	314	3
Boulder printing	10	36	37	1
Subtotal	10	347	351	4
25.1 Consulting Services		289	1,235	946
25.2 Other Services				
Training:		39	37	(2)

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustment to Base	1995 Base	1995 Estimate /1	Increase/ (Decrease)
25.3 Purchase of goods and services from other Gov't agencies				
Training:				
Office of personnel management		13	9	(4)
National Oceanic and Atmospheric Admin. – Cross Services	2	172	172	
National Institute of Standards and Tech. – Cross Services	4	301	301	
National Institute of Standards and Tech. – Acctg Services		161	161	
Other agencies		2	2	
Maintenance of equipment		123	113	(10)
GSA reimbursable services		41	41	
Payments to WCF	57	721	721	0
Transfer to GA				
Other	282	282	282	
Subtotal	345	1,816	1,802	(14)
26 Supplies and materials				
Office supplies	3	133	135	2
ADP supplies	4	109	112	3
Subtotal	7	242	247	5
31 Equipment				
Office machines and equipment				
ADP hardware	26	813	916	103
ADP software				
Equipment Depreciation	10	112	112	
Other		358	370	12
Subtotal	36	1,283	1,398	115
99 Total Obligations	1,054	20,981	22,203	1,222

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

Exhibit 33

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
APPROPRIATIONS LANGUAGE AND CODE CITATIONS:

For necessary expenses, as provided for by law, of the National Telecommunications and Information Administration, $22,203,000, to remain available until expended. (Authorizing legislation has been proposed.)

15 U.S.C. § 1512
15 U.S.C. § 1532
47 U.S.C. § 305
47 U.S.C. § 606
47 U.S.C. § 701, et. seq., §§ 721, 744
47 U.S.C. § 901

15 U.S.C. § 1512 authorizes the Secretary of Commerce to foster, promote and develop foreign and domestic commerce. The telecommunications industry is both an integral part of the Nation's commerce and a key mechanism on which much of the Nation's work relies. Activities undertaken by the Secretary to improve the Nation's telecommunications industry relate directly to the Secretary's mandate under 15 U.S.C. 1512.

15 U.S.C. § 1532 authorizes the Secretary of Commerce to conduct research pertaining to the transmission of radio waves, to compile and distribute related information, and undertake related activities.

47 U.S.C. § 305 authorizes the President to assign frequencies for U.S. government radio stations. Certain functions related to this authority were delegated to the Department of Commerce by Executive Order 12046.

47 U.S.C. § 606 and associated Executive Orders authorize the President to perform certain telecommunications emergency functions.

47 U.S.C. § 701 et. seq., particularly §§ 721 and 744 authorize the President to perform certain functions related to the planning and development of a national program for the establishment and operation of a commercial communications satellite system.

Public Law 102-538, to be codified in 47 U.S.C. § 901, authorizes the National Telecommunications and Information Administration (NTIA), as an agency in the Department of Commerce, to be executive branch agency principally responsible for advising the President on telecommunications and information policy.

Exhibit 34

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
CONSULTING AND RELATED SERVICES
(Dollar amounts in thousands)

	1993 Actual	1994 Estimate	1995 Estimate
Consulting services	$ 64	$289	$1,235
Management and professional services	...	...	.....
Special studies and analyses	...	...	.....
Management and support services for research and development	...	...	.....
Total/1	$ 64	$289	$1,235

Consulting services: NTIA utilizes consultants throughout its programs to provide scientific or technical expertise in specialized areas.

One example of the type of work included is for telecommunications experts to participate in special studies in spectrum planning and the 200 MHz transfer activities.

/1 - Data has been revised since MAX submission to reflect more accurate data.

Exhibit 35

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
PERIODICALS, PAMPHLETS AND AUDIOVISUAL PRODUCTS
(Dollar amounts in thousands)

	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Periodicals	$ 0	$ 0	$ 0	$ 0
Pamphlets	33	50	60	70
Audiovisual products	4	0	5	5
Total	$ 37	$ 50	$ 65	$ 75

NTIA utilizes pamphlets to provide an overview of NTIA programs and services to the public. Audiovisual and graphic products are used for administrative briefings and training sessions for NTIA employees.

Exhibit 36

Department of Commerce
National Telecommunications and Information Administration
Salaries and Expenses
AVERAGE GRADE AND SALARIES

	1993 Actual	1994 Estimate	1995 Estimate
Direct:			
Average ES Salary	$109,255	$112,721	$114,525
Average GS Grade	10.8	10.8	10.8
Average GS Salary	$ 47,929	$ 49,450	$ 50,241

09-Feb-94

Exhibit 5

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Budget Authority	FTE	Direct Obligations
	Appropriation Available, 1994	15	24,000	0	24,580
	less: Obligations from prior years	0	0	0	(580)
	plus: 1995 adjustments to base	0	127	0	127
	less: Prior year recoveries	0	0	0	0
	1995 Base	15	24,127	0	24,127
	less: Administrative savings	0	(3)	0	(3)
	plus: 1995 Program changes	0	(13,376)	0	(13,376)
	1995 Estimate	15	10,748	0	10,748

Page No.	Comparison by activity/subactivity with totals by activity:		1993 Actual /1 Personnel	1993 Actual /1 Amount	1994 Currently Available Personnel	1994 Currently Available Amount	1995 Base Personnel	1995 Base Amount	1995 Estimate Personnel	1995 Estimate Amount	Increase (Decrease) Over 1995 Base Personnel	Increase (Decrease) Over 1995 Base Amount
NTIA-113	Public Broadcasting Facilities, Planning and Construction:											
	Grants	Pos./BA	0	18,159	0	21,500 /1	0	21,500	0	8,124 /1	0	(13,376)
		FTE/Obl.	0	21,253	0	22,080	0	21,500	0	8,124	0	(13,376)
	Program Management	Pos./BA	15	2,095	15	2,500 /1	15	2,627	15	2,624 /1	0	(3)
		FTE/Obl	15	2,026	15	2,500	15	2,627	15	2,624	0	(3)
	Total	Pos./BA	15	20,254	15	24,000	15	24,127	15	10,748	0	(13,379)
		FTE/Obl	15	23,279	15	24,580	15	24,127	15	10,748	0	(13,379)
	Adjustments for:											
	Recoveries			(1,901)								
	Unobligated balance, start of year			(1,704)		(580)						
	Unobligated balance transfered											
	Unobligated balance, end of year			580								
	Unobligated balance, expiring											
	Financing from transfers:											
	Transfers from other accounts (−):											
	Transfers to other accounts (+):			1,066								
	Appropriation			21,320		24,000		24,127		10,748		(13,379)

/1 – Data has been revised since MAX submission.

18-Feb-94

Exhibit 7

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) Over 1995 Base
Total Obligations	23,279	24,580	24,127	10,748	(13,379)
Offsetting collections from:					
Federal funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(1,901)	0	0	0	0
Unobligated balance, start of year	(1,704)	(580)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	580	0	0	0	0
Unobligated balance lapsing	0	0	0	0	0
Budget Authority	20,254	24,000	24,127	10,748	(13,379)
Financing:					
Transfer from other accounts (-)	0	0	0	0	0
Transfer to other accounts (+)	1,066	0	0	0	0
Appropriation	21,320	24,000	24,127	10,748	(13,379)

22–Feb–94

Exhibit 8

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Transfer	0	65
Other Changes:		
Pay Raises:		
1994 locality pay	0	26
1995 pay raise	0	12
Within–grade step increases	0	10
One less compensable day	0	(4)
Civil Service Retirement System (CSRS)	0	(1)
Federal Employees' Retirement System (FERS)	0	3
Federal Insurance Contributions Act (FICA) – OASDI	0	1
Health Insurance	0	6
Travel:		
Per Diem	0	2
Rental payments to GSA	0	3
Printing and Reproduction	0	1
Other Services		
Economic Development Administration (EDA)	0	2
Working Capital Fund	0	1
Subtotal, other changes	0	62
Total, adjustments to base	0	127

Exhibit 9

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
Justification of Adjustments to Base
(Dollar amounts in thousands)

		FTE	Amount
Transfer		0	65
Transfer to National Oceanic and Atmospheric Administration (NOAA): The cost to reimburse NOAA's National Environmental Satellite Data and Information Service (NESDIS) for engineering and navigation support for GOES-3 will be $65,000 beginning in FY 1995. This is a new charge because the GOES-3 was to be deactivated in FY 1995, but will now be retained for PEACESAT purposes only.			
Other Changes:			
Pay Raises: Full-year cost of 1994 locality pay increase and related costs:			
1994 locality pay		0	26
A locality pay raise was implemented in January 1994.			
Total cost in 1995 of 1994 locality pay raise	$24,000		
Less amount funded in 1994	0		
Less amount absorbed	0		
Amount requested in 1995 to provide full-year cost of 1994 locality pay raise	$24,000		
Payment to Working Capital Fund	2,000		
Total adjustment for 1994 locality pay raise	$26,000		
1995 pay increase and related costs		0	12
The 1995 President's budget assumes a general pay raise of 1.6 percent to be effective January 1, 1995.			
Total cost in 1995 of pay increase	$ 11,000		
Less amount absorbed in 1995	0		
Amount requested for 1995 pay increase	$ 11,000		
Payment to the Working Capital Fund	1,000		
Total adjustment for 1995 pay increase	$ 12,000		

	FTE	Amount
Within-grade step increases	0	10

An increase of $10,489 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 1995.

Estimated number of within-grade step increases	8
Step increases not earned due to turnover (10.5% x 8)	1
Average step above step 1 per separation	2
Average cost per within-grade step increase	$ 1,511
Gross cost of scheduled step increases ($1,511 x 8)	12,088
Less savings due to separations ($1,511 x 1 x 2)	-3,022
Subtotal personnel compensation	$ 9,066
Benefits	+1,423
Total adjustment-to-base	$ 10,489

	FTE	Amount
One less compensable day	0	(4)

The decreased cost of one less compensable day in FY 1995 compared to FY 1994 is calculated by dividing the 1994 estimated personnel compensation ($903,000) and applicable benefits ($263,000) by 261 compensable days. The decreased cost of one less compensable day is ($4,467).

	FTE	Amount
Civil Service Retirement System (CSRS)	0	(1)

The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees' retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 52.5% in 1994 to 50.1% in 1995 for regular employees. Contribution rates will remain the same.

1995 ($817,000 x .501 x .07)	$28,652
1994 ($817,000 x .525 x .07)	30,025
Total adjustment-to-base	- 1,373

	FTE	Amount
Federal Employees' Retirement System	0	3

The number of employees covered by the Federal Employees' Retirement System (FERS) continues to rise as employees covered by the Civil Service Retirement System (CSRS) leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 47.5% in 1994 to 49.9% in 1995.

1995 ($817,000 x .499 x .1290)	$52,591
1994 ($817,000 x .475 x .1290)	50,062
Total adjustment-to-base	+ 2,529

	FTE	Amount
Federal Insurance Contributions Act (FICA)	0	1

As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will rise from $60,150 in FY 1994 to $61,050 in FY 1995. The OASDI tax will remain 6.20% in FY 1995.

1995 (817,000 x .499 x .942 x .062)	$23,810
1994 (817,000 x .475 x .950 x .062)	22,858
Total adjustment-to-base	+ 952

	FTE	Amount
Health Insurance	0	6

Effective January 1993, NTIA's contribution to Federal Employee's health insurance premiums increased by 7.9%. Applied against the 1994 estimate of $74,000, the additional amount required is $5,846.

	FTE	Amount
Travel	0	2

Effective January 1993, the General Services Administration raised per diem rates. This increase resulted in a 3.2% increase to NTIA. This percentage was applied to the 1994 estimate of $70,000 to arrive at an increase of $2,240.

	FTE	Amount
Rent Payments to GSA	0	3

GSA has provided an estimate of $148,000 for charges in 1995. This represents an increase of $3,000 over the 1994 estimate of $145,000.

	FTE	Amount
Printing and Reproduction	0	1
The Government Printing Office (GPO) has provided an estimated rate increase of 3.0%. This percentage was applied to the 1994 estimate of $41,000 to arrive at an increase of $1,230.		
Other Services	0	3
Economic Development Administration (EDA): The cost of accounting services provided by EDA increased $1,860 between FY 1992 ($36,140) and FY 1993 ($38,000).		
Working Capital Fund: An additional $1,000 is required to fund cost increases in the Departmental Working Capital Fund to maintain the current level of operations.		
TOTAL	0	127

09–Feb–94

Exhibit 10

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Public Broadcasting Facilities, Planning and Construction
Subactivity: Public Broadcasting Facilities, Planning and Construction

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
Line Item		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Grants	Pos./BA	0	18,159	0	21,500	0	21,500	0	8,124	0	(13,376)
	FTE/Obl.	0	21,252	0	22,080	0	21,500	0	8,124	0	(13,376)
Program Management	Pos./BA	15	2,095	15	2,500	15	2,627	15	2,624	0	(3)
	FTE/Obl.	15	2,026	15	2,500	15	2,627	15	2,624	0	(3)
Total	Pos./BA	15	20,254	15	24,000	15	24,127	15	10,748	0	(13,379)
	FTE/Obl.	15	23,278	15	24,580	15	24,127	15	10,748	0	(13,379)

Exhibit 12

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
Justification of Program and Performance

Activity: **Public Broadcasting Facilities, Planning and Construction**
Subactivity: **Public Broadcasting Facilities, Planning and Construction**

Goal Statement

The public broadcasting facilities, planning and construction appropriation supports two program activities, the Public Broadcasting Facilities Program (PBFP) and the Pan-Pacific Educational and Cultural Experiments by Satellite (PEACESAT) program. The goal of PBFP is to assist, through matching grants, in the planning and construction of public broadcasting facilities in order to achieve the following objectives: (1) extend delivery of public broadcasting services to as many Americans as possible by the most efficient and economic means; (2) increase public broadcasting services and facilities available to, operated by, and owned by minorities and women; and (3) strengthen the capability of existing public television and radio stations to provide public broadcasting services to the public. The goal of the PEACESAT program is to reestablish satellite telecommunications to serve the educational, medical, and cultural needs of many isolated Pacific island nations.

Proposed Legislation

Legislation authorizing appropriations for the continuation of this program for Fiscal Years 1995 and 1996 has been proposed.

Base Program

Explanation and Justification

PBFP allows Americans to receive a variety of non-commercial educational and cultural services through public broadcasting stations. For over 30 years, NTIA and its predecessor agencies have assisted non-commercial entities throughout the United States and its territories to acquire the necessary hardware to produce and broadcast public television and radio programs, including the delivery of instructional and educational services to a broad array of community agencies.

PBFP also has a mission to increase public broadcasting services and facilities available to, operated by, and owned by minorities and women. PBFP carries out this mission by actively recruiting applications from such groups throughout the United States and by ensuring that its decisions take into account the impact of funded projects on minorities and women. In addition, PBFP has been an advocate of, and has provided support for, extending public telecommunications services to sight- and hearing-impaired citizens. By supporting radio reading services and television captioning, PBFP has helped public broadcasting services for these populations to increase over the years.

Over $400 million in Federal funds have been invested in the public broadcasting part of the telecommunications infrastructure.

Funding from the PBFPC appropriation also supports the activities of the PEACESAT program. The PEACESAT program provides educational, medical, and cultural telecommunications services to over twenty isolated Pacific island nations that have limited access to modern telecommunications technologies. NTIA funding will support program development at PEACESAT headquarters at the University of Hawaii and operating costs for NOAA's GOES satellite. The PEACESAT project promotes U.S. interests in the Pacific island nations by providing telecommunications resources to support activities of other U.S.-based projects, including many supported by the Federal government.

Statement of Operating Objectives

NTIA's responsibility under the PBFP is to ensure that all Americans have available the high quality educational and cultural programs of public broadcasting, that minorities and women have access to and control of public broadcasting stations, and that sight- and hearing-impaired persons have use of broadcast telecommunications. It also must monitor the over $200 million in grants currently in the 10-year Federal interest period. In FY 1995, NTIA will offer grants to states, localities, and non-commercial entities for planning and constructing public radio and television stations to provide a variety of broadcast services.

Public Television

Nationally, public television services are now available to almost 95 percent of the American population. These services include a vast array of life-long educational, informational, and cultural programming that is available free to people in their homes. During the school year, quality instruction is provided for in-school use. Enrichment programs for children are available throughout the year, from pre-school age programming such as *Sesame Street* through such programs for adolescents as *Where in the World Is Carmen San Diego?* Adults are served with instructional programming for graduate level and continuing education courses, and with adult education programs such as *NOVA* and *The Civil War*. Adults are also served with consumer education, news, public affairs, and cultural offerings. Low-income families have the same opportunity as high-income families to receive instruction and consumer information and to view a diverse selection of cultural and public affairs programming.

Public Radio

Service from one of the many public radio stations in the country is now available to approximately 88 percent of Americans. Public radio services are diverse and reflect the needs and interests of the communities they serve. While some public radio stations present primarily arts-based programming, others concentrate on news and public affairs, or are devoted to serving the needs of racial or ethnic minorities. Public radio stations that serve minority audiences often broadcast in Spanish or local Native American languages. An increasing number of communities are served by several public radio stations, each addressing a specific area of interest or community need.

Extension of Public Broadcasting Services to Unserved Areas

In FY 1995, the top priority of the PBFP base program will continue to be the extension of public broadcasting signals to those who are presently unserved. Approximately 10 million Americans do not have access to public television and over 25 million are unserved by public radio. Funding projects to reach these citizens is increasingly expensive because the unserved population lives in increasingly isolated areas. The cost to extend public radio and television signals to such areas is dramatically higher than to other parts of the Nation. For example in FY 1992, the extension of service to 1.5 million unserved people (1 percent of the U.S. population) required over $5 million, which was 25 percent of the PBFP appropriation. PBFP funds up to 75 percent of eligible project costs, but does not support the operation of the facilities or such other necessary costs of the project as building renovation. These costs must be met by the grant recipient. Continued PBFP funding for new public radio and television stations is needed to extend these services to as many as possible of the millions of Americans still without them. The number of applications submitted for these projects is decreasing because such projects are difficult for local entities in small, isolated communities to put together with sufficient support to aggregate the required local matching funds. PBFP should experience no difficulty in awarding grants to the fundable first service applications that are submitted.

Maintenance of the Existing Public Broadcasting Infrastructure

Maintenance of existing public broadcasting stations, which serve the vast majority of Americans, is more problematical. The high cost of extending service to unserved citizens leaves fewer funds available for replacing deteriorating equipment. This replacement is vital for the continued existence of the current system of public broadcasting in the United States. The most urgent need is to replace transmission equipment. For example, in the 1993 grant round, 213 broadcasting project applications were accepted for filing. Fifty-three of them included replacing a transmitter, an antenna, or both; seventeen were to replace a studio-transmitter link (STL); and six were to replace a vital part of a transmitter or STL. Without the funding assistance provided by the PBFP, most applicants would be unable to replace their worn-out and obsolete transmission equipment and would soon be off the air, but the dollars PBFP has available limit it to funding only the most desperate needs each year. This leaves numerous other stations hoping they can stave off collapse until the next grant round.

In addition, stations need to replace worn-out items of the equipment used to produce, record, and edit public radio and television programs. Given the difficulty that state and local governments and non-profit entities have in raising capital funds, most of this equipment cannot be purchased without the assistance of Federal funds. Much of the national programming of public broadcasting is produced by local stations, but the present level of funding for PBFP limits its grants in this area to just a few of the most urgent projects.

Minorities and Women

Increasing the public broadcasting services and facilities available to, operated by, and owned by minorities and women is an important part of the mission of PBFP. It actively recruits applications from such groups throughout the United States and ensures that its decisions take into account the impact of the grants awarded on minorities and women. PBFP recently has funded a Hispanic satellite radio network and can count among its successes the funding of several radio stations owned and operated by and for Native American communities.

Technologies to serve the visually and hearing impaired

Public broadcasting has long been in the forefront of providing service to the hearing- and sight-impaired. PBFP will continue to support the establishment of reading services for the blind, using both television's Second Audio Program (SAP) channel and FM radio's Subsidiary Communications Authorization (SCA) channel. Video-captioning equipment is provided by PBFP so that the hearing-impaired may more fully participate in television programs, and SAP channels can provide Description Video Services (DVS) for the sight-impaired to enhance their enjoyment of television. To the extent its funds allow, PBFP supports the expansion of the technologies that make these services possible, helping public broadcasting provide handicapped citizens with these important connections to the world around them.

PEACESAT Program

Funding from the PBFP appropriation will also continue the activities of PEACESAT program. The PEACESAT program is an audio and data service that interconnects colleges and universities in the Pacific, distributes distance education to students separated hundreds or thousands of miles from the college, and provides access to information resources unavailable in many developing nations. NTIA funding will support the PEACESAT's operating costs, including the operating costs of the NOAA GOES satellite. NTIA will also continue its search for a long-term satellite for PEACESAT so that United States interests in the Pacific remain visible for many years through the PEACESAT project.

Measures of Performance

PBFP is a competitive grant program and the mix of projects funded depends on the nature and the competitiveness of the proposals submitted. All grants awarded support PBFP's goals to extend public broadcast signals to uncovered areas, to maintain the existing public broadcasting stations, and to increase the number of public broadcasting services and facilities available to, operated by, and owned by minorities and women.

Exhibit 13

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
DECREASE FOR 1995
(Dollar amounts in thousands)

		1995 Base		1995 Estimate		Decrease	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Public Broadcasting Facilities, Planning and Construction	Pos./BA	15	$24,127	15	$10,751	0	($13,376)
	FTE/Obl.	15	$24,127	15	$10,751	0	($13,376)

Public Broadcasting Facilities, Planning and Construction (+ 0 FTE, -$13,376). PBFP has been able to make substantial contributions toward the extension of public broadcasting coverage in the United States and has offered assistance toward maintenance of the public broadcasting infrastructure. Supporting the extension of public broadcasting signals to reach unserved Americans remains PBFP's highest priority. However, with the Administration's proposal to develop a National Information Infrastructure (NII) to serve the telecommunications needs of all Americans, NTIA anticipates that grants for infrastructure development traditionally funded under PBFP will now be funded by the NII grant program.

Within the base program, PBFP will also continue to support funding grants for minority service and visually and hearing impaired.

Minority Service. There are significant Native American, Asian-American, African-American and Hispanic communities that could be, but are not now, served with local public broadcasting facilities. PBFP will continue to assist in the establishment of stations to serve the broadcast needs of ethnic and other minorities in our society.

Visually and Hearing Impaired. There are large potential audiences of the sight- and hearing-impaired that are not now served by public broadcasting. PBFP will continue to have radio reading services established, to improve the captioning of public television programs, and to add Second Audio Program (SAP) capability to television stations so that they can provide reading and descriptive video services. In addition, SAP makes possible simultaneous broadcasting of the soundtrack of a program in a second language — an Hispanic version of The MacNeil/Lehrer NewsHour, for example, or an English soundtrack for a movie filmed in another language.

09–Feb–94

Exhibit 15

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Public Broadcasting Facilities, Planning and Construction
Subactivity: Public Broadcasting Facilities, Planning and Construction
Program change: Public Broadcasting Facilities, Planning and Construction

Object Class		1995 Decrease
11	Personnel compensation	0
11.1	Full–time permanent	
11.3	Other than full–time permanent	
11.5	Other personnel compensation	
11.9	Total personnel compensation	0
12.1	Civilian personnel Benefits	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and misc charges	0
24	Printing and reproduction	0
25.1	Consulting Services	0
25.2	Other Services	0
25.3	Purchase of goods and services from other Gov't agencies	
26	Supplies and materials	0
31	Equipment	0
41	Grants, subsidies and contributions	(13,376)
99	Total obligations	(13,376)

Exhibit 13

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
ADMINISTRATIVE SAVINGS FOR 1995
(Dollar amounts in thousands)

	1995 Base Amount	1995 Estimate Amount	Decrease Amount
Public Broadcasting Facilities, Planning and Construction	$24,127	$24,124	$ (3)

As required by Executive Order 12837, a reduction of $3,000 in administrative expenses was made to the program management portion of the Public Broadcasting Facilities program.

	1995	1996	1997	1998	1999
Costs & Benefits:					
Direct Obligations:					
Uncapitalized	(3)	(7)	(14)	(14)	(14)
Budget Authority	(3)	(7)	(14)	(14)	(14)
Outlays	(3)	(7)	(14)	(14)	(14)
Benefits in dollars	(3)	(7)	(14)	(14)	(14)

22–Feb–94

Exhibit 15

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Public Broadcasting Facilities, Planning and Construction
Subactivity: Public Broadcasting Facilities, Planning and Construction
Program change: Executive Order 12837 (Administrative Savings)

Object Class		1995 Decrease
11	Personnel compensation	0
11.1	Full–time permanent	
11.3	Other than full–time permanent	
11.5	Other personnel compensation	
11.9	**Total personnel compensation**	0
12.1	Civilian personnel Benefits	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and misc charges	0
24	Printing and reproduction	0
25.1	Consulting Services	0
25.2	Other Services	(3)
26	Supplies and materials	0
31	Equipment	0
99	Total obligations	(3)

18-Feb-94

Exhibit 16

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class:	1993 Actual	1994 Currently Available /1	1995 Base	1995 Estimate /1	Increase/ (Decrease) Over 1995 Base
11 Personnel compensation					
11.1 Full-time permanent	768	835	870	870	0
11.3 Other than full-time permanent	117	68	71	71	0
11.5 Other personnel compensation	13	6	6	6	0
11.9 Total personnel compensation	898	909	947	947	0
12.1 Civilian personnel Benefits	156	263	276	276	0
21 Travel and transportation of persons	70	105	107	107	0
22 Transportation of things	1	4	4	4	0
23.1 Rental payments to GSA	96	133	136	136	0
23.3 Commun., util., misc. charges	56	57	56	56	0
24 Printing and reproduction	14	42	43	43	0
25.1 Consulting Services	52	44	44	44	0
25.2 Other Services	32	31	31	31	0
25.3 Purchase of goods and services from other Gov't agencies	635	874	945	942	(3)
26 Supplies and materials	13	13	13	13	0
31 Equipment	3	25	25	25	0
41 Grants, subsidies and contributions	21,253	22,080	21,500	8,124	(13,376)
99 TOTAL OBLIGATIONS	23,279	24,580	24,127	10,748	(13,379)

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

18–Feb–94

Exhibit 16

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) Over 1995 Base
Personnel Data:					
Full–time equivalent Employment:					
Full–time permanent	15	15	15	15	0
Other than full–time permanent	0	0	0	0	0
Total:	15	15	15	15	0
Authorized positions:					
Full–time permanent	15	15	15	15	0
Other than full–time permanent	0	0	0	0	0
Total:	15	15	15	15	0
TOTAL:					
Full–time equivalent Employment	15	15	15	15	0
Authorized positions	15	15	15	15	0

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustment to Base	1995 Base	1995 Estimate /1	Increase/ (Decrease)
11 Personnel compensation				
11.1 Full-time permanent				
Executive level				
Senior executive service		110	110	
General schedule	35	760	760	
Consultants & Experts				
Subtotal	35	870	870	
11.3 Other than full-time permanent				
General schedule	3	71	71	
Consultants & Experts				
Subtotal	3	71	71	
11.5 Other personnel compensation				
Overtime				
Cash awards		6	6	
Subtotal		6	6	
11.9 Total personnel compensation	38	947	947	
12.1 Civilian personnel benefits				
Civil service retirement	1	19	19	
Federal employees' retirement	4	98	98	
Thrift savings plan		21	21	
Federal Insurance Contribution Act	1	53	53	
Health insurance	6	82	82	
Life insurance		3	3	
Employees' compensation fund				
Other				
Subtotal	12	276	276	

/1 – Data has been revised since MAX submission to reflect more accurate distribution.

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate /1	Increase/ (Decrease)
21	Travel and transportation of persons				
	Common carrier		28	28	
	Per diem/actual	2	79	79	
	Other				
	Subtotal	2	107	107	
22	Transportation of things		4	4	
23.1	Rental payments to GSA	3	136	136	
23.3	Communications, utilities and miscellaneous charges				
	Rental of ADP equipment				
	Rental of office copying equipment		5	5	
	Other equipment rental				
	Federal telecommunications system		11	11	
	Other telecommunications services		21	21	
	Postal Service by USPS		19	19	
	Other				
	Subtotal		56	56	
24	Printing and reproduction				
	[Payments to WCF]	1	43	43	
	Subtotal	1	43	43	
25.1	Consulting Services				
	Management & professional support services				
	Studies, analyses & evaluation		44	44	
	Subtotal		44	44	
25.2	Other Services				
	Training:		31	31	

/1 – Data has been revised since MAX submission to reflect more accurate distribution.

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustment to Base	1995 Base	1995 Estimate /1	Increase/ (Decrease)
25.3 Purchase of goods and services from other Gov't agencies				
Office of Personnel Management (Training)		5	5	
Economic Development Administration (EDA)	2	40	40	
National Institute of Standards and Tech. – Acctg Services		18	18	
National Oceanic and Atmospheric Admin. – GOES-7	65	65	65	
Other Agencies		734	734	
Maintenance of equipment				
GSA reimbursable services				
Payments to WCF	4	61	61	
Transfer to OA				
Other		22	19	(3)
Subtotal	71	945	942	(3)
26 Supplies and materials				
Office supplies		7	7	
ADP supplies		6	6	
Subtotal		13	13	
31 Equipment				
Office machines and equipment				
ADP hardware		13	13	
ADP software				
Other		12	12	
Subtotal		25	25	
41 Grants, subsidies and contributions		21,500	8,124	(13,376)
99 TOTAL OBLIGATIONS	127	24,127	10,748	(13,379)

/1 – Data has been revised since MAX submission to reflect more accurate distribution.

Exhibit 33

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
APPROPRIATIONS LANGUAGE AND CODE CITATIONS

For grants authorized by section 392 of the Communications Act of 1934, as amended, $10,748,000, to remain available until expended as authorized by section 391 of said Act, as amended: Provided, That not to exceed $2,124,000 shall be available for program administration as authorized by section 391 of the Communications Act of 1934, as amended: Provided further, That notwithstanding the provisions of section 391 of the Communications Act of 1934, as amended, the prior year unobligated balances may be made available for grants for projects for which applications havebeen submitted and approved during any fiscal year: Provided further, That notwithstanding the provisions of sections 391 and 392 of the Communications Act, as amended, not to exceed $700,000 appropriated in this paragraph shall be available for the Pan-Pacific Educational and Cultural Experiments by Satellite program (PEACESAT):

47 U.S.C. § 305
47 U.S.C. § 391
47 U.S.C. § 701, et. seq., §§ 721, 744
47 U.S.C. § 901

47 U.S.C. § 305 authorizes the President to assign frequencies for U.S. government radio stations. Certain functions related to this authority were delegated to the Department of Commerce by Executive Order 12046.

47 U.S.C. § 391 authorizes the Secretary of Commerce to use appropriated funds for grants and administrative support of the Public Telecommunications Facilities Grant Program.

47 U.S.C. § 701 et. seq., particularly §§ 721 and 744 authorize the President to perform certain functions related to the planning and development of a national program for the establishment and operation of a commercial communications satellite system.

Public Law 102-538,1 to be codified in 47 U.S. C § 901, assigns NTIA responsibility for administration of the Public Broadcasting Facilities and Pan-Pacific Educational and Culltural Experiments by Satellite (PEACESAT) Program.

Exhibit 34

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
CONSULTING AND RELATED SERVICES
(Obligations in thousands)

	1993 Actual	1994 Estimate	1995 Estimate
Consulting services	$ 52	$ 44	$ 44
Management and professional services	....	....	....
Special studies and analyses	....	....	....
Management and support services for research and development	....	....	....
Total	$ 52	$ 44	$ 44

Consulting services: The Public Broadcasting Facilities Program utilizes consultants to review and evaluate grant applications.

Exhibit 35

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
PERIODICALS, PAMPHLETS AND AUDIOVISUAL PRODUCTS
(Dollar amounts in thousands)

	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Periodicals	$ 0	$ 0	$ 0	$ 0
Pamphlets	17	9	10	10
Audiovisual products	0	0	0	0
Total	$ 17	$ 9	$ 10	$ 10

The Public Broadcasting Facilities, Planning and Construction appropriation utilizes pamphlets to provide grant application guidelines and reporting requirements.

Exhibit 36

Department of Commerce
National Telecommunications and Information Administration
Public Broadcasting Facilities, Planning and Construction
AVERAGE GRADE AND SALARIES

	1993 Actual	1994 Estimate	1995 Estimate
Direct:			
Average ES Salary	$107,300	$110,704	$112,475
Average GS Grade	12.2	12.2	12.2
Average GS Salary	$ 54,499	$ 56,228	$ 57,128

22-Feb-94

Exhibit 5

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.		Positions	Budget Authority	FTE	Direct Obligations
	Appropriation Available, 1994	1	1,000	1	1,192
	less: Obligations from prior years	0	0	0	(192)
	plus: 1995 adjustments to base	0	6	0	6
	1995 Base	1	1,006	1	1,006
	plus: 1995 Program changes	0	0	0	0
	1995 Estimate	1	1,006	1	1,006

Page No.	Comparison by activity/subactivity with totals by activity:		1993 Actual Personnel	1993 Actual Amount	1994 Currently Available Personnel	1994 Currently Available Amount	1995 Base Personnel	1995 Base Amount	1995 Estimate Personnel	1995 Estimate Amount	Increase/ (Decrease) Over 1995 Base Personnel	Increase/ (Decrease) Over 1995 Base Amount
NTIA-136	Children's Educational Television											
	Grants	Pos./BA	0	763	0	763	0	763	0	763	0	0
		FTE/Obl.	0	2,400	0	955	0	763	0	763	0	0
	Program Management	Pos./BA	1	237	1	237	1	243	1	243	0	0
		FTE/Obl	2	288	1	237	1	243	1	243	0	0
	Total	Pos/BA	1	1,000	1	1,000	1	1,006	1	1,006	0	0
		FTE/OBL	2	2,688	1	1,192	1	1,006	1	1,006	0	0
	Adjustments for:											
	Recoveries											
	Unobligated balance, start of year			(1,880)		(192)						
	Unobligated balance transfered											
	Unobligated balance, end of year			192								
	Unobligated balance, expiring											
	Financing from transfers:											
	Transfers from other accounts (−):											
	Transfers to other accounts (+):											
	Appropriation			1,000		808		1,006		1,006		

18–Feb–94

Exhibit 7

Department of Commerce
National Telecommunicationsand Information Administration
Endowment for Children's Educational Television
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) over 1995 Base
Total Obligations	2,688	1,192	1,006	1,006	0
Offsetting collections from:					
Federal funds	0	0	0	0	0
Non–Federal sources	0	0	0	0	0
Recoveries	0	0	0	0	0
Unobligated balance, start of year	(1,880)	(192)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	192	0	0	0	0
Unobligated balance lapsing	0	0	0	0	0
Budget Authority	1,000	1,000	1,006	1,006	0
Financing:					
Transfer from other accounts (–)	0	0	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	1,000	1,000	1,006	1,006	0

22–Feb–94

Exhibit 8

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Pay Raises:		
1994 locality pay	0	4
1995 pay raise	0	1
Other Services		
Working Capital Fund	0	1
Total adjustments to base	0	6

Exhibit 9

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
Justification of Adjustments to Base
(Dollar amounts in thousands)

		FTE	Amount
Other Changes:			
Pay Raises: Full-year cost of 1994 locality pay increase and related costs:			
1994 locality pay		0	4
A locality pay raise was implemented in January 1994.			
Total cost in 1995 of 1994 locality pay raise	$4,000		
Less amount funded in 1994	0		
Less amount absorbed	0		
Amount requested in 1995 to provide full-year cost of 1994 locality pay raise	$4,000		
Payment to Working Capital Fund	0		
Total adjustment for 1994 locality pay raise	$4,000		
1995 pay increase and related costs		0	1
The 1995 President's budget assumes a general pay raise of 1.6 percent to be effective January 1, 1995.			
Total cost in 1995 of pay increase	$1,000		
Less amount absorbed in 1995	0		
Amount requested for 1995 pay increase	$1,000		
Payment to the Working Capital Fund	0		
Total adjustment for 1995 pay increase	$1,000		
Other Services		0	1
Working Capital Fund: An additional $1,000 is required to fund cost increases in the Departmental Working Capital Fund to maintain the current level of operations.			
TOTAL		0	6

23-Feb-94

Exhibit 10

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Endowment for Children's Educational Television
Subactivity: Endowment for Children's Educational Television

Line Item		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase/ (Decrease) Over 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Grants	Pos./BA	0	763	0	763	0	763	0	763	0	0
	FTE/Obl.	0	2,400	0	955	0	763	0	763	0	0
Program Management	Pos./BA	1	237	1	237	1	243	1	243	0	0
	FTE/Obl.	2	288	1	237	1	243	1	243	0	0
Total	Pos./BA	1	1,000	1	1,000	1	1,006	1	1,006	0	0
	FTE/Obl.	2	2,688	1	1,192	1	1,006	1	1,006	0	0

Exhibit 12

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
Justification of Program and Performance

Activity: Endowment for Children's Educational Television
Subactivity: Endowment for Children's Educational Television

Goal Statement

The goals of this activity are: 1) to enhance the education of our nation's children through the creation and production of television programming specifically directed toward the development of fundamental intellectual skills and 2) to increase the number of educational television programs available, and to ensure that the programming produced will have the widest possible distribution including such media as over-the-air broadcasting, cable television systems, interactive video disks, and video cassettes. Television currently lacks sufficient programming directed toward the improvement of fundamental intellectual skills of children. The Children's Television Act of 1990 represents an attempt to increase the number of educational television programs available to our Nation's children and to improve the quality of such programming. Congress and the Administration recognize that there is currently a lack of financial incentives to create and air quality children's educational television programming, in part because such programming is often very expensive to produce. The National Endowment for Children's Educational Television (NECET) will create a growing pool of high-quality programming that is developmentally appropriate for children's audiences, and that is available at affordable costs.

Proposed Legislation

Public Law No. 102-538, 106 Stat. 3537 [codified at 47 U.S.C. 902 (1992)] authorizes the Secretary of Commerce to administer the NECET. The Secretary, in turn, has delegated this responsibility to the Assistant Secretary for Communications and Information, who serves as the Administrator of NTIA. Legislation authorizing appropriations for the continuation of this program has been proposed for Fiscal Years 1995 and 1996.

Base Program

Explanation and Justification

The NECET awards grants to support the creation and production of children's educational television programming that is specifically directed toward the development of fundamental intellectual skills. In doing this, the NECET efforts are intended to supplement the children's educational programming funded by other governmental entities.

The Children's Television Act of 1990 stipulates that NECET-funded programming for the first two years following project completion may be offered for distribution only to public television stations. During this period, however, the programming may be distributed through other media not involving broadcast or cablecast, e.g., computer interactive systems or video cassettes. After the initial two-year period, NECET-funded programs are to be made available to commercial media as well, including not only commercial broadcast television networks and stations, but also cable television networks and systems. The Children's Television Act of 1990 authorizes the Secretary of Commerce, under certain circumstances, to modify some aspects of these distribution requirements.

The NECET legislation indicates that NECET-funded programming should receive the broadest possible distribution, and that adequate financial incentives should be in place to encourage that goal. In awarding grants, the Endowment may support all the varied tasks associated with the production of children's television programming. This includes, but is not limited to, preparing scripts, performing research of children's needs, initiating new productions, and completing productions for which substantial funding is already in place.

The NECET also has established a statutorily directed ten member Advisory Council on Children's Educational Television which advises the Secretary of Commerce on matters directly related to the administration of the NECET. The Council is composed of individuals with experience in the field of children's television programming, research and other related fields.

The NECET established three major objectives to be used in awarding funds for the FY 1993 grant award period.

Objective One: To improve the fundamental intellectual skills of children through the vehicle of television programming.

For the purposes of the program, this objective refers to the development of those skills which enable children to address the problems posed by the modern world. Such skills might be basic educative skills (e.g., reading, writing and arithmetic), or they might consist of more advanced capabilities (e.g., problem-solving and cognitive recognition abilities). Applicants were encouraged to incorporate pro-social behavior and relationships in their projects within the context of these skills.

Objective Two: To the extent feasible, support the development of programming for children aged six to eight.

Although there is a need for high-quality educational programming for children of all ages, the NECET concluded that the six-to-eight year old child is currently the most underserved by educational television and deserves special consideration for this first grant round. The 1990 U.S. Census indicates that there are 10,732,061 children in this age group.

Objective Three: To consider a broad range of subject areas for funding.

While the NECET concentrated on the production of programming for children aged six to eight, the program imposed no limits on the scope of the proposals that may be submitted for funding consideration.

In funding children's television programming, NECET works to ensure that the programs produced meet the highest standard of quality, and that grant recipients use every opportunity to distribute programs funded by NECET. NECET also works closely with each of the grant recipients to ensure that production schedules are met. NECET also reviews current research in the area of children's television production, and makes recommendations as to possible future programming choices. NECET staff keeps informed of all relevant developments in the area of children's television programming. NECET coordinates its activities with other organizations to ensure that the programs produced meet the most effective approach to programming.

In FY 1994, the Advisory Council on Children's Educational Television will review the objectives of the program after completion of the first year's grant program. Modification of the first year's objectives will take into account the most pressing needs of children and the experience gained from the first year of programming will be used to further promote the interests of children.

Statement of Operating Objectives

NECET program objectives include the following: 1) to ensure that the children of this country have available to them a source of educational television programming that is specifically directed at the development of fundamental intellectual skills; 2) to ensure that the programming produced with NECET funding has the widest possible distribution; 3) to ensure that the programming produced has sufficient entertainment value to encourage the largest possible audience; and 4) to ensure that sufficient research is available to improve television programming available to children in the future.

In FY 1995, the NECET will provide funding to producers of children's programming that is intended to air first on public television and that will also include other means of distribution. One million dollars will be available for the production of television programming and for the administration of the NECET. It is anticipated that this amount of funding will allow the NECET to make one award for contribution to a series of children's programs or to fund a few programs that are less in duration. In FY 1995, the NECET will carefully balance the need to fund additional new programming with the need to provide additional funding to continue series previously funded.

In addition, the NECET will monitor the results of the projects funded in FY 1993 and FY 1994 to ensure that those projects are meeting the objectives outlined in the project award proposals. It is anticipated that during FY 1995, some productions will be available for distribution on over-the-air broadcast television. It is also anticipated that the NECET will have completed a survey of children's television needs and will be able to make recommendations for future directions.

Measures of Performance

NECET is a competitive grant program. The mix of projects it funds in any given year depends on the nature and the competitiveness of the proposals submitted. NECET seeks to increase the pool of programs that will be available to children 16 years of age and younger. Measures of performance will be how many programs are produced and whether these programs have lasting positive effect, the number of times that an NECET funded program is aired, how many children view the program, how intellectual skills are improved, and how the Endowment encourages the use of such programs in a wide variety of media.

During Fys 1994 and 1995, programs will begin to be produced and aired. Measures as to their effectiveness will not yet be available. There may be preliminary findings from test audiences or from limited productions that will have aired during this period, but these measures will not be conclusive as to the overall effectiveness of the program. During FY 1995 and beyond, it is anticipated that the program will be able to adopt specific measures that will track the effectiveness of the program.

18-Feb-94

Exhibit 16

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class:	1993 Actual	1994 Currently Available /1	1995 Base	1995 Estimate	Increase/ (Decrease) Over 1995 Base
11 Personnel compensation					
11.1 Full-time permanent	162	67	72	72	0
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	0	0	0	0	0
11.9 Total personnel compensation	162	67	72	72	0
12.1 Civilian personnel Benefits	30	20	20	20	0
21 Travel and transportation of persons	15	25	25	25	0
22 Transportation of things	0	1	1	1	0
23.1 Rental payments to GSA	19	9	9	9	0
23.3 Commun., util., misc. charges	10	4	4	4	0
24 Printing and reproduction	10	15	15	15	0
25.1 Consulting Services	25	53	53	53	0
25.2 Other Services	6	2	2	2	0
25.3 Goods and services purchase from other Gov't agencies	7	37	38	38	0
26 Supplies and materials	3	2	2	2	0
31 Equipment	1	2	2	2	0
41 Grants, subsidies and contributions	2,400	955	763	763	0
TOTAL OBLIGATIONS:	2,688	1,192	1,006	1,006	0

/1 – Object class distribution has been revised since MAX submission to reflect more accurate data.

18–Feb–94

Exhibit 16

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) Over 1995 Base
Personnel Data:					
Full–time equivalent Employment:					
Full–time permanent	2	1	1	1	0
Other than full–time permanent	0	0	0	0	0
Total:	2	1	1	1	0
Authorized positions:					
Full–time permanent	1	1	1	1	0
Other than full–time permanent	0	0	0	0	0
Total:	1	1	1	1	0
TOTAL:					
Full–time equivalent Employment:	2	1	1	1	0
Authorized Positions:	1	1	1	1	0

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
11 Personnel compensation				
11.1 Full-time permanent				
Executive level				
Senior executive service				
General schedule	5	72	72	
Consultants & experts				
Subtotal	5	72	72	
11.3 Other than full-time permanent				
General schedule				
Consultants & experts				
Subtotal				
11.5 Other personnel compensation				
Overtime				
Cash awards				
Subtotal				
11.9 Total personnel compensation	5	72	72	
12.1 Civilian personnel benefits				
Civil service retirement		1	1	
Federal employees' retirement		7	7	
Thrift savings plan		2	2	
Federal Insurance contribution act		4	4	
Health insurance		6	6	
Life insurance				
Employees' compensation fund				
Other				
Subtotal		20	20	

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Object Class	1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
21	Travel and transportation of persons				
	Common carrier		10	10	
	Per diem/actual		15	15	
	Other				
	Subtotal		25	25	
22	Transportation of things		1	1	
23.1	Rental payments to GSA		9	9	
23.3	Communications, utilities and miscellaneous charges				
	Rental of ADP equipment				
	Rental of office copying equipment				
	Other equipment rental				
	Federal telecommunications system		1	1	
	Other telecommunications services		1	1	
	Postal Service by USPS		2	2	
	Other				
	Subtotal		4	4	
24	Printing and reproduction				
	[Payments to WCF]		15	15	
	Subtotal		15	15	
25.1	Consulting Services				
	Management & professional support services				
	Studies, analyses & evaluation		53	53	
	Subtotal		53	53	
25.2	Other Services				
	Training		2	2	
	Subtotal		2	2	

18-Feb-94

Exhibit 17

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1995 Adjustment to Base	1995 Base	1995 Estimate	Increase/ (Decrease)
25.3	Purchase of goods and services from other Gov't agencies				
	Training – Office of Personnel Management		2	2	
	National Institute of Standards and Tech. – Acctg Services		2	2	
	Maintenance of equipment				
	GSA reimbursable services				
	Payments to WCF	1	5	5	
	Transfer to GA				
	Other		29	29	
	Subtotal	1	38	38	
26	Supplies and materials				
	Office supplies		1	1	
	ADP supplies		1	1	
	Subtotal		2	2	
31	Equipment				
	Office machines and equipment				
	ADP hardware		2	2	
	ADP software				
	Other				
	Subtotal		2	2	
41	Grants, subsidies and contributions		763	763	
99	TOTAL OBLIGATIONS	6	1,006	1,006	0

Exhibit 33

DEPARTMENT OF COMMERCE
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
Endowment for Children's Educational Television
APPROPRIATION LANGUAGE AND CODE CITATIONS

For expenses necessary to carry out the provisions of the National Endowment for Children's Educational Television Act of 1990, Title II of Public Law 101-437, including costs for contracts, grants and administrative expenses, $1,006,000 to remain available until expended.

47 U.S.C. § 394
47 U.S.C. § 901

47 U.S.C. § 394 authorizes the Secretary of Commerce to administer the National Endowment for Children's Educational Television.

Public Law 102-538, to be codified in 47 U.S.C. § 901 assigns NTIA responsibility for administration of the National Endowment for Children's Educational Television Program.

Exhibit 34

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
CONSULTING AND RELATED SERVICES
(Obligations in thousands)

	1993 Actual	1994 Estimate	1995 Estimate
Consulting services	$ 25	$ 53	$ 53
Management and professional services	.....	.....	.....
Special studies and analyses	.....	.....	.....
Management and support services for research and development	.....	.....	.....
Total	$ 25	$ 53	$ 53

Consulting services: The Endowment for Children's Educational Television Program will use consultants to review and evaluate grant applications.

Exhibit 35

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
PERIODICALS, PAMPHLETS AND AUDIOVISUAL PRODUCTS
(Dollar amounts in thousands)

	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Periodicals	$ 0	$ 0	$ 0	$ 0
Pamphlets	0	6	5	5
Audiovisual products	0	0	0	0
Total	$ 0	$ 6	$ 5	$ 5

The Endowment for Children's Educational Television utilizes pamphlets to provide grant application guidelines and reporting requirements.

Exhibit 36

Department of Commerce
National Telecommunications and Information Administration
Endowment for Children's Educational Television
AVERAGE GRADE AND SALARIES

	1993 Actual	1994 Estimate	1995 Estimate
Direct:			
Average ES Salary	$ 0	$ 0	$ 0
Average GS Grade	13.4	13.4	13.4
Average GS Salary	$52,711	$54,383	$55,253

Mr. MOLLOHAN. Testifying in support of this request is the Assistant Secretary for Communications and Information, Larry Irving.

Since this is your first time to testify before the Subcommittee, Mr. Irving, your biographical information will be submitted into the record. We welcome you here today. Your written statement will be made a part of the record, and we invite you to proceed with your oral testimony.

OPENING STATEMENT OF LARRY IRVING

Mr. IRVING. Thank you, Mr. Chairman.

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today on the 1995 budget request of the National Telecommunications and Information Administration. NTIA has a broad and important mission: to help ensure the development of a 21st century telecommunications and information infrastructure that serves the needs of all Americans and enhances the competitiveness of U.S. industry in the global marketplace.

NTIA requests $134 million for its diverse programs and activities in the upcoming fiscal year. This level of funding will provide $100 million for the new Information Infrastructure Grant Program, $22 million for the agency Salaries and Expenses, $10.7 million for the Public Broadcasting Facilities Program, and $1 million for the Children's Educational Television initiative.

With adequate funding, NTIA will be able to continue to serve as the executive branch's principle advisor on domestic and international telecommunications and information policy issues. NTIA also will be able to carry out its responsibilities to ensure the effective use of the Federal radio spectrum, perform state-of-the-art telecommunications research and engineering, and administer grant programs which will help bring the benefits of the information age to traditionally underserved groups, including the poor, minorities, rural Americans and disabled individuals.

NTIA's budget proposal for fiscal year 1995 directly supports the President's pledge in his State of the Union address to expand economic opportunity and to create jobs. By working closely with Congress on legislation to remove barriers to competition and promote the widespread availability of advanced telecommunications services, NTIA will continue to help U.S. business compete globally and create new job opportunities for U.S. citizens. By funding demonstration projects and research in the telecommunications and information arenas, NTIA will help lead the way to improved delivery of its social services.

INFORMATION INFRASTRUCTURE GRANTS

I would now like to turn, first, to our largest program increase, the Information Infrastructure Grant program, and then discuss some of NTIA's major activities planned for fiscal year 1995.

The President's National Information Infrastructure initiative is at the forefront of the Administration's effort to encourage the development and widespread availability of new telecommunications technologies and services. As part of that initiative, the Administration sought and received funding in fiscal year 1994 for a highly competitive grant program that will help foster planning and demonstration projects around the country to advance the NII.

The Administration wants to jump start public sector use of the NII through this program, making delivery of government and social services more effective and competitive. This grant program will help State and local governments, schools, libraries and health care and public safety providers to undertake the planning needed to ensure effective development of the telecommunications infrastructure and provide demonstrations of how people's lives can be improved by being connected to information networks.

With $26 million appropriated in fiscal year 1994, the Administration and the Congress have taken a first step toward ensuring that we do not become a nation of information haves and have-nots. NTIA already has seen an enormous level of interest in the NII grant program, named the Telecommunications and Information Infrastructure Assistance Program, the TIIAP. In the five weeks since Secretary Brown announced the availability of funds for the grants program, we received over 7,000 requests for information from prospective applicants.

One of NTIA's top priorities in the upcoming fiscal year will be to build upon the existing framework of the Information Infrastructure Grant Program. Therefore, in fiscal year 1995, NTIA is seeking $100 million for the grant program, an increase of $74 million over the current funding level. This increase will enable NTIA to assist Americans who educate, heal, govern and serve to connect to modern information infrastructures. This is a critical activity that will reap great rewards for our Nation.

NTIA intends to apply the highest standards of quality control and management in administrating this grants program. The agency plans to make its procedures for applying for grants as straightforward as possible and will offer grantees technical assistance whenever requested. NTIA is also committed to continuously improving the program through customer surveys and performance reviews.

The $22.2 million appropriation for salaries and expenses——

Mr. MOLLOHAN. Excuse me, Mr. Irving. May I reassure you that your written statement will be made a part of the record, and——

Mr. IRVING. I would be happy to summarize and take any questions.

Mr. MOLLOHAN. I just wanted to reassure you that your written statement will be made a part of the record.

Mr. IRVING. I feel very comfortable in ending my statement at this point. There is nothing worse than a lengthy opening statement.

Mr. SKAGGS. Oh, yes, there is.

Mr. IRVING. Let me conclude, then, by saying that we are in a unique position to influence significantly U.S. companies to compete in the global marketplace.

I would be pleased to answer any questions you might have, Mr. Chairman, and any questions that the Subcommittee may have.

Mr. MOLLOHAN. Okay. Thank you very much.

[The biographical sketch and prepared statement of Mr. Irving follow:]

LARRY IRVING

Larry Irving is the Assistant Secretary for Communications and Information and the Administrator of the National Telecommunications and Information Administration (NTIA). In that capacity, Mr. Irving serves as an advisor to the President and Secretary of Commerce on domestic and international communications issues as they pertain to the nation's economic and technological advancement.

From March 1987 to March 1993, Mr. Irving was the Senior Counsel to the U.S. House of Representatives Subcommittee on Telecommunications and Finance where he played a key staff role in the enactment of the Cable Television Consumer Protection Act of 1992, the Children's Television Act of 1990 and the Television Decoder Circuitry Act of 1990.

From January 1983 until March 1987, Mr. Irving served as Legislative Director and Counsel to the late Congressman Mickey Leland (D-Texas). He was the Congressman's acting Chief of Staff in 1983 and 1985.

Prior to joining Congressman Leland's staff, Mr. Irving was associated for three years with the Washington D.C. law firm of Hogan and Hartson, where he specialized in the areas of communication law, antitrust law and commercial litigation.

He received a Bachelor of Arts degree from Northwestern University in 1976. He is also a graduate of Stanford University School of Law where he was President of the Class of 1979.

In addition to his legislative responsibilities, Mr. Irving served on the Board of Directors of the U.S. House of Representatives Child Care Foundation, and was appointed by the Speaker of the House to serve on the Advisory Board of the U.S. House of Representatives Child Care Center. Mr. Irving also has served as Staff Chairman of the U.S. House of Representatives Fair Employment Practices Committee, as a member of the Board of Visitors of the Stanford University School of Law and as Co-Chair of the Electronic Media Division of the American Bar Association's Forum on Communications Law.

He is married to Leslie Annett Wiley and lives in the District of Columbia.

PREPARED STATEMENT BY LARRY IRVING
ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

Before the Subcommittee on Commerce, Justice, State, the Judiciary and Related Agencies
Committee on Appropriations
House of Representatives
April 14, 1994

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify today on the 1995 budget request of the National Telecommunications and Information Administration. NTIA has a broad and important mission: to help ensure the development of a 21st century telecommunications and information infrastructure that serves the needs of all Americans and enhances the competitiveness of U.S. industry in the global marketplace.

NTIA requests $134 million for its diverse programs and activities in the upcoming fiscal year. This level of funding will provide $100 million for the new infrastructure grant program, $22 million for agency salaries and expenses, $10.7 million for the public broadcasting facilities program, and $1 million for the children's educational television initiative.

With adequate funding, NTIA will be able to continue to serve as the Executive Branch's principal advisor on domestic and international telecommunications and information policy issues. NTIA will also be able to carry out its responsibilities to ensure the effective use of the Federal radio spectrum, perform state-of-the-art telecommunications research and engineering, and administer grant programs which will help bring the benefits of the Information Age to traditionally underserved groups, including the poor, minorities, rural Americans, and disabled individuals.

The telecommunications and information industries are vital to the future of the United States. NTIA's budget proposal for

FY 1995 directly supports the President's pledge in his State of the Union Address to "expand opportunity and create jobs." By working closely with Congress on legislation to remove barriers to competition and promote the widespread availability of advanced telecommunications services, NTIA will continue to help U.S. business compete globally and create new job opportunities for U.S. citizens. And by funding demonstration projects and research in the telecommunications and information arenas, NTIA will help lead the way to better delivery of social services.

I would now like to turn first to our largest program increase -- the information infrastructure grant program -- and then discuss some of NTIA's other major activities and initiatives planned for FY 1995.

National Information Infrastructure

The President's National Information Infrastructure (NII) initiative is at the forefront of the Administration's effort to encourage the development and widespread availability of new telecommunications technologies and services. As part of that initiative, the Administration sought and received funding in fiscal year 1994 for a highly competitive grant program that will help foster planning and demonstration projects around the country to advance the NII. The Administration wants to "jump start" public sector use of the NII through this program, making the delivery of government and social services more effective and competitive. This grant program will help state and local governments, schools, libraries, and health care and public safety providers to undertake the planning needed to ensure effective development of the telecommunications infrastructure and provide demonstrations of how people's lives can be improved by being connected to information networks.

With $26 million appropriated in fiscal year 1994, the Administration has taken a first step toward ensuring that we do not become a nation of "information haves and have nots." NTIA has already seen an enormous level of interest in the NII grant program, named the Telecommunications and Information Infrastructure Assistance Program (TIIAP). We have received over 7,000 requests for information from prospective applicants.

One of NTIA's top priorities in the upcoming fiscal year will be to build upon the existing framework of the information infrastructure grant program. Therefore, in FY 1995, NTIA is seeking $100 million for the NII grant program, an increase of $74 million over the current funding level. This increase will enable NTIA to assist those Americans who educate, heal, govern and serve, to connect to modern information infrastructures. This is a critical activity that will reap great rewards.

NTIA intends to apply the highest standards of quality control and management in administering this grants program. The agency plans to make its procedures for applying for an NII grant as straightforward as possible, and will offer prospective grantees technical assistance whenever requested. NTIA is also committed to continuously improving the program through customer surveys and performance reviews.

I have attached an addendum describing the NII program in greater detail.

Salaries and Expenses

The $22 million appropriation for salaries and expenses requested for FY 1995 supports four major NTIA activities: domestic policy, international policy, spectrum management and telecommunications research and engineering.

The range of domestic telecommunications policy issues is broad and increasingly complex, reflecting the rapid technical and economic changes in the telecommunications marketplace. In the next fiscal year, NTIA plans to continue to study major telecommunications and information issues, file comments on such issues with the Federal Communications Commission, contribute to interagency policy development, present Administration telecommunications and information proposals to Congress, industry, and the public, and participate in key conferences with state and local governments, consumer groups and industry.

NTIA has also been working closely with other Executive Branch agencies on an interagency Information Infrastructure Task Force (IITF), chaired by Commerce Secretary Brown. NTIA is serving as Secretariat to this task force, which has developed a policy framework for reaching the Administration's goal of an advanced telecommunications and information infrastructure.

NTIA plans to continue to participate substantively in several task force subcommittees of the IITF. For instance, NTIA plays a leading role in the IITF's Telecommunications Policy Committee, which formulates Administration positions on key telecommunications issues. This group is currently working with leaders in Congress to get major telecommunications legislation enacted into law. We anticipate that next year we will be deeply involved in the implementation of the legislation once it becomes law.

NTIA and the Universal Service Working Group, another part of the Telecommunications Policy Committee, are conducting ongoing hearings on universal service and open access in locations around the country. NTIA anticipates utilizing the information obtained at such hearings next year to help further the development of the nation's telecommunications and information infrastructure.

NTIA also plans to continue its work with the National Information Infrastructure Advisory Council, a group of leaders from the telecommunications and information communities. NTIA helped the President convene this panel earlier this year and anticipates continuing to assist the Council in its efforts to provide the Administration with crucial, independent advice on a wide range of telecommunications issues.

On the international front, NTIA plans to continue to develop and advocate regulatory and technical policies that will improve the international competitiveness of the U.S.

telecommunications industry and the ability of U.S. businesses and consumers to have access to high quality, reasonably-priced international services. NTIA seeks to develop international policies that promote competition and open markets for U.S. service providers and equipment suppliers. The agency also plans to continue to monitor and, as appropriate, participate in international standards-setting forums to ensure that the interests of U.S. manufacturers and service providers are adequately represented.

As the manager of Federal radio spectrum, NTIA anticipates continuing its efforts to ensure that all U.S. government needs for vital telecommunications services are satisfied efficiently and fairly. It bears special mention that the FY 1995 budget request for NTIA includes $1.46 million in additional funds over last year's appropriation to cover two new, important spectrum-related initiatives.

The rapid growth of radiocommunications in the private, Federal, national and international sectors has increased the need for more efficient use of the spectrum. In response, NTIA plans to develop and implement communications, computer, and electronic processing capabilities that would provide a secure two-way communications highway between NTIA and all major Federal spectrum users. At the same time, NTIA seeks to design a desktop spectrum management system that will assist NTIA in managing the spectrum and that can be used to demonstrate basic management principles to spectrum managers of other countries. NTIA, therefore, requests an additional $810,000 in the salaries and expenses appropriation to obtain the new equipment and staff necessary to make these major improvements in the Federal spectrum management process.

NTIA is also requesting an additional $656,000 to aid in relocating current government spectrum users to other parts of the spectrum. The Omnibus Budget Reconciliation Act of 1993 required the Secretary of Commerce to identify and recommend bands of frequencies currently allocated for Federal government use that can be made available to the private sector to realize the potential of new emerging technologies. To aid Federal spectrum users in transitioning to different frequencies, NTIA seeks to award a contract to establish a "command center" of highly-skilled electromagnetic compatibility engineers using the latest, most sophisticated techniques to provide assistance in the selection of frequencies for new users of reallocated frequency bands and for displaced government users.

NTIA's telecommunications research and engineering activities will continue during the next fiscal year to help keep the United States in the forefront of telecommunications technology. NTIA's research is performed at its Boulder, Colorado laboratory, the Institute for Telecommunications Sciences. NTIA will seek to continue to improve the understanding of radio-wave transmission to enhance spectrum use. The agency also plans to continue to perform studies to help develop domestic and international telecommunications performance standards, assess the performance of industry and government telecommunications networks, and evaluate new technologies for applications for future needs.

Public Broadcasting Facilities

The Administration, and NTIA, will remain firmly committed to public broadcasting and the Public Broadcasting Facilities Program (PBFP) in the upcoming fiscal year. Indeed, FY 1994, the first budget of this Administration, was the first request in twelve years for funding for this program. NTIA's PBFP budget request for FY 1995 is $10.8 million. This request is less than the $24 million appropriated for FY 1994. The cut reflects the need for budgetary restraint and a shift in funding by including distance learning projects in the NII grants program.

NTIA plans to use every PBFP dollar wisely and to continue to fund, as a top priority, projects which establish public television and radio stations in unserved areas. Also, the agency will seek to give minorities and women more access to and control of public broadcasting stations. PBFP recently has funded a Hispanic satellite radio network and can count among its successes the funding of several radio stations owned and operated by and for Native Americans. NTIA, through the PBFP, will also seek to continue its efforts to expand technologies that improve public telecommunications services to the hearing and sight-impaired. For instance, to the extent that funds are available, PBFP plans to support projects which provide video-captioning equipment and descriptive video services to enable hearing and sight-impaired persons to enjoy television. NTIA also will give every consideration to maintaining essential equipment at stations in those communities which are currently only served by one public radio or television station. NTIA seeks to guard against stations "going dark" or providing inferior service to their audience.

Children's Educational Television

For the second year in a row, NTIA is requesting funding to support the National Endowment for Children's Educational Television (NECET). This program enables NTIA to assist in the development of high quality, educational programming for children. Indeed, this summer PBS in Los Angeles will begin airing a children's literature series for three to five year olds which was made possible, in part, by a grant from this program. NTIA plans to continue to provide assistance to other worthy applicants and is requesting $1 million in the upcoming fiscal year. A ten-member advisory council, composed of individuals with experience in the field of children's television programming, research, and other related fields, has been established to advise the Secretary of Commerce on matters directly related to the administration of this grant program.

Conclusion

NTIA is in a unique position to influence significantly the ability of U.S. companies to compete in the global marketplace and to enhance the benefits to the public of a strong telecommunications industry. We appreciate this Subcommittee's past support for our efforts, and we look forward to working with you as we continue to attempt to provide the benefits of advanced telecommunications to all Americans. I will be pleased to answer any questions which you, Mr. Chairman, or the other Subcommittee members may have. Thank you again for this opportunity to discuss NTIA's plans for the next fiscal year.

Addendum

NII GRANTS

Telecommunications and Information Infrastructure Assistance Program

Summary

Objectives: Funding under the TIIAP will be awarded to support projects that most effectively enhance economic opportunity, the provision of education, culture, health care, public information, library, public safety, social sciences, or other efforts to meet the public needs; and support further development of a nationwide, high-speed, interactive infrastructure, incorporating the widest variety of information technologies.

Eligible Entities: State and local governments as well as non-profit organizations.

Types of Grants: NTIA anticipates that approximately 60 percent of the funds appropriated for this program in FY 1994 will be devoted to demonstration projects, with approximately 40 percent of the funds devoted to planning grants for states, local governments, regional entities, and non-profit entities.

Matching Requirement: Grant recipients will be required to provide matching funds toward the cost of the total project. NTIA will provide up to 50 percent of the total cost of the project, unless extraordinary circumstances warrant a grant of up to 75 percent. A project will not be considered grantable unless the applicant can document a capacity both to supply matching funds and to sustain the project beyond the period of the award. Cash matching is highly desirable; however, NTIA will allow in-kind matching on a case-by-case basis. Federal funds may not be used as matching monies. Grant funds under this program will be used in direct proportion to local matching funds raised and/or documented.

Selection Process: Competitive merit review. A priority for demonstration project grants is that the project must develop a model that others can follow. An important element of this model is a plan for disseminating the knowledge gained as a result of carrying out the project. In NTIA's view, this nation's telecommunications infrastructure should reinforce the values of American democracy, and the TIIAP should support projects that empower citizens, promote equal opportunity, protect individuals' rights and strengthen democratic institutions.

Program Description: The grant cycle is divided into two separate categories. Category One supports the efforts of all eligible applicants to develop their information infrastructure through demonstration projects.

Category Two focuses on planning grants and is divided further into two subcategories. The first subcategory supports planning efforts that project a statewide, multi-state or national impact. The second subcategory supports the planning efforts with a state or with local impact. State and local governments as well as multi-state and/or non-profit entities are eligible to apply in all categories.

Successful applicants will have between six and 18 months to complete their projects. The actual time will vary depending on the complexity of any particular project. During the award period, NTIA has the duty and responsibility to monitor and evaluate the projects funded under the TIIAP. NTIA also expects that grantees, working with us, will evaluate the results of their projects, and will formalize and disseminate information about the lessons learned from the grants.

The number of proposals that will receive funding in each of the two categories will depend in large measure on the total number of applications received. Because the aggregate funding level of individual grants cannot be determined in advance, applicants must justify the amounts requested.

Application Deadline: May 12, 1994

Announcement of Awards: September 1994

INFORMATION INFRASTRUCTURE GRANTS

Mr. MOLLOHAN. With regard to your Information Infrastructure Grant program, I believe you were appropriated $26 million for 1994. I am advised that you have received some 5,500 inquiries.

Mr. IRVING. That was last week. We are up to 7,000 inquiries and counting.

Mr. MOLLOHAN. Do you anticipate getting anywhere near that number of applications?

Mr. IRVING. Because it is a brand-new program, it is impossible to say. I expect we will have over 1,000 to 1,500 applications, as a minimal number, I think at this point, given the level of excitement that people around this country have about this program.

Mr. MOLLOHAN. I notice that you have earmarked a significant portion of the 1994 money for planning grants.

Mr. IRVING. Yes, sir.

Mr. MOLLOHAN. Sixty percent?

Mr. IRVING. Forty percent for planning, 60 percent for demonstration. We are trying to pull together disparate parts of communities to work together to build up this infrastructure.

When people come into our office and we go out and give speeches, what we know is that there are a lot of people in the education community, in the health care community, in the library community who know a lot about delivering those services but they may not know a lot about technology. What we are trying to do is get marriages of State government, public foundations, private industry, health care providers and others working together. We think the planning grant process will help derive that type of synergistic activity in a community.

NII PLANNING/DEMONSTRATION FUNDING DISTRIBUTION

Mr. MOLLOHAN. I am sure it will.

I just am curious how you respond to this observation on that: Given the scarce resources you have, which in light of the request is very scarce, and the volume of the requests and interest that you have, it seems to me that within those 7,000 new inquiries there are going to be enough good proposals for demonstration grants to well exceed the $26 million you have for 1994, that we might be better served by skipping the planning process and immediately spending this money for demonstration. My thinking is that you have so many requests, I am asking for your opinion on whether you would get qualified applications if you did not go through or fund the planning process?

Mr. IRVING. If there were no planning grants, would we have a sufficient number of high-quality demonstration projects that we could fund and probably leave some unfunded? I believe the answer to that would be yes, Mr. Chairman. However, I think that would be a fundamental mistake, and I think in the long term we would not serve our nation as well as if we put people together and allow real planning where people are thinking about how they want to develop the infrastructure of their communities.

Mr. MOLLOHAN. Well, would there not be those people in this process, out of 7,000 inquiries and a corresponding number of applicants, that would do that simply by your putting it into one of the requirements for applicants?

Mr. IRVING. I am not sure I understand.

Mr. MOLLOHAN. Well, would you not receive a sufficient number of applications that would incorporate that regional planning and cooperation because you have such a large pool?

Mr. IRVING. Just in the demonstration grants programs?

Mr. MOLLOHAN. Yes.

Mr. IRVING. I am not sure that we would.

Mr. MOLLOHAN. You justified spending the money on planning in order to achieve this coordination and integration, is that correct? Is that your primary reason?

Mr. IRVING. That is one of the reasons.

The other reason is that this is a new program. Some States—Iowa, New York, to some extent North Carolina—are a little bit ahead of the curve with regard to what they want to do in their State. Certain regions of the country are a little bit ahead. But there are other regions that are getting excited, beginning to realize that they need to start doing this.

As a result of this program, the President and Vice President and Secretary Brown's initiatives, we want to make sure that we are giving people a full opportunity to put their best foot forward.

Mr. MOLLOHAN. Not that you won't have enough demonstration projects to consume this money if you proceed directly to demonstration phase.

Mr. IRVING. We will certainly have some.

Mr. MOLLOHAN. But you will not have achieved the kind of geographic and demographic distribution that we are——

Mr. IRVING. That we are looking to achieve. We would like to have every sector of this country, rural, urban, empowerment zones. We want to do education and health.

The wonderful thing about the NTIA program, which differentiates it from every other grant program with regard to telecommunications technologies, is that we are in a position to connect libraries, hospitals and schools.

There are some programs within the Federal Government dedicated to health, some are dedicated to education. Ours can be a crosscut and truly allow a State, a region, a city, a municipality to work together to bring this infrastructure to people.

Mr. MOLLOHAN. So your rationale is including those who might not be as sophisticated as other areas in this process.

Mr. IRVING. We certainly want to make sure that communities that are not as advanced technologically, haven't given it, for whatever reason, a thought historically, to have this opportunity.

I will give you one example. Congressman Synar asked me to give a speech in Oklahoma. While I was there I had a chance to meet the Governor of Oklahoma, several different State and local officials, representatives of Native American tribes. Because of the speech, because of Mr. Synar's work on the Telecommunications Subcommittee, and because he prepped them that I was coming, they are now pulling together as a State to try to figure out some of the things that they can do jointly.

Last year, they hadn't focused as much on telecommunications. They understand what it really can bring to the people throughout that State. I don't know if they will get a grant from us because I haven't seen their proposal, but I do know that they are thinking about it collectively as opposed to disparate parts of the State working together.

Mr. MOLLOHAN. I think the answer to the question is clear, but I would just like to get it on the record—yes or no. So part of your criteria in awarding at least the planning grants is a geographic and demographic distribution.

Mr. IRVING. Yes, Mr. Chairman.

Mr. MOLLOHAN. And to bring along those who are less sophisticated.

Mr. IRVING. Well, to assist them. Less sophisticated troubles me, because I think that——

Mr. MOLLOHAN. Well, what is the better word?

Mr. IRVING. I am not sure—haven't done as much on their own initiative to date without this program. I would hate for some of my friends in the press to state that I am calling certain State planners less sophisticated. But I would want them to know that we do think that we can help them.

Mr. MOLLOHAN. We have already suffered through that, so we are beyond that. Okay. Thank you.

I note that we do suggest that the grants will be selected on a competitive merit——

Mr. IRVING. Absolutely.

Mr. MOLLOHAN [continuing]. Basis, and priority given to demonstration projects that will, number one, represent a model that can be replicated——

Mr. IRVING. Yes.

Mr. MOLLOHAN [continuing]. And also that have imaginative or effective dissemination aspects——

Mr. IRVING. Yes.

Mr. MOLLOHAN. With regard to that, do you intend to help with the dissemination part of it?

NII GRANTS AND INFORMATION DISSEMINATION

Mr. IRVING. Absolutely one of the most important things we are going to do is the post evaluation, follow up performance reviews and then educating the public at large, the Congress, other entities within the Federal Government for demonstration grant programs with regards to successes and problems of our grants projects. We think that is key to this program.

CLEARINGHOUSE FOR DISSEMINATION OF INFORMATION

Mr. MOLLOHAN. Do you anticipate being a clearinghouse for the dissemination of information?

Mr. IRVING. Under the authorization bill as passed by the House, we would be a clearinghouse of both education and medical applications of the telecommunications technologies.

Mr. MOLLOHAN. Is that true only with the medical applications?

Mr. IRVING. It is education and medical. Distance learning in medical, telemedicine, remote diagnostic applications, but also for distance learning and other educational, we will serve as a clearinghouse for both under the bill as passed by the House authorizing committee and the House.

Mr. MOLLOHAN. Any other——

Mr. IRVING. Those are the two that were specifically included in the legislation. As part of the Administration's Information Infrastructure Task Force, there is a committee on applications and technologies. There is a constant flow of information between all of the various entities and agencies working within the Federal Government. So there is information getting out.

But for those grants we might award, we will make sure that there is clear dissemination. That, I think, is a thing that has been missing in other grant programs.

Mr. MOLLOHAN. Are you working with the Technology Administration on dissemination, as they are very much in that business?

Mr. IRVING. We work very closely with Dr. Mary Good and the people at TA and NIST. We also work closely with NSF with regard to our education program, very closely with the Department of Education and HHS, for the health program. We don't look at ourselves as an isolated oasis of knowledge. We know that there are a lot of things that others in the Federal Government know better than us, and we are trying to work together coherently.

Mr. MOLLOHAN. Specifically with regard to this dissemination question, are you working with the Technology Administration?

Mr. IRVING. Yes. And under the leadership of the Secretary.

Mr. MOLLOHAN. Who are you working with?

Mr. IRVING. Dr. Mary Good is the person I work with most directly.

Mr. MOLLOHAN. Mr. Moran.

Mr. MORAN. Thank you very much, Mr. Chairman.

I have a similar concern about the distribution between planning and grants, but I think I am better understanding it. Some of the planning grants are objectives in themselves. They are not dependent upon getting a demonstration grant, I gather. It is really setting up a structure so that private money can come in and do it. In some cases you are funding the conceptualization of how it would work.

Mr. IRVING. Yes.

PLANNING GRANTS

Mr. MORAN. And to make that planning money effective, it is not dependent upon their getting a demonstration grant subsequently necessarily?

Mr. IRVING. It is not dependent. We do think that if a really good planning grant is funded this year and they come back for a demonstration grant pursuant to that planning grant, we would certainly consider that demonstration grant. I don't think that they would be in any way advantaged, but they wouldn't be disadvantaged by having received a planning grant.

Mr. MORAN. Sure. But my concern was that it was a precursor to getting a demo grant.

Mr. IRVING. No, sir.

NII PROGRAM FOCUS

Mr. MORAN. It is not.

There is a concern, though, with a lot of the people, at least in my district, about the NII's mission, and I mentioned this to you before. And I think a lot of it is because of all of the hype that they read about in newspapers and magazines. You know, this national information highway is wonderful.

But your approach is really to target on groups, recipients of Federal grants from you that would not otherwise be able to participate, and that is your priority. Although I want you to make it clear for the record, that is not your exclusive priority, that you also want to help set up a structure that is going to stimulate regional economies and help small businesses get started in telecommunications technology and so on.

Mr. IRVING. Maybe I can restate our focus a little bit differently. We are trying particularly with regard to demonstration projects, to have leaders in the development of use of these technologies by public institutions. We are looking to make sure that every American child has access to these technologies in their educational institutions.

The Federal Government can't fund it. But State and local governments will have that responsibility. We want to demonstrate to those State and local governments, to the private sector, what can and should be done, and we want to start to create marriages between cable companies and telephone companies and schools, wireless companies and satellite companies and hospitals. Those are the things we think will help synergize development of this faster.

Our development of a National Information Infrastructure Grant Program in the United States has stimulated more discussion internationally about what nations should do. Yesterday, the Swedes wanted to know what we are doing. The day before it was the Canadians. Last week it was the Australians and the Russians. They all want to know what we are doing and how it is going to effect our Nation. We don't believe that we can connect the program with every school. We do believe that if we educate them they can do it themselves.

If I could give you one other example of what is going on. Just yesterday I met with Jeanne Simon of the National Commission on Libraries, appointed by President Clinton last year. She gave me some information I found astounding. If you live in a city of more than 500,000 people, you have about a 70 or 80 percent chance of having your public library connected to Internet. If you live in an area of under 10,000, you have a less than one in five chance of getting connected. Just for students who want to have the same access to information that a kid in New York or Pittsburgh or Baltimore can take for granted for going to a public library, we have to do something to get that technology out to people.

That is part of what we will do, get these technologies in place where it wouldn't be otherwise and demonstrate how it can be used.

NATIONAL ENDOWMENT FOR CHILDREN'S EDUCATION TELEVISION

Mr. MORAN. Well, I like that.

There was a show recently on public television, and I wanted to talk about public television a little bit more.

Mr. IRVING. I had a feeling you might want to, sir.

Mr. MORAN. But it was talking about the fact that, particularly with regard to minorities, they are not riding this wave of new economic opportunity brought about in the areas of science and technology. They are not taking the math courses, they are not getting excited by the science courses, and it is going to more greatly exacerbate the differences between the haves and the have-nots.

And, in many ways, it is majority-minority, racial, cultural, ethnic as well, maybe not so much gender, but certainly in other divisions within our society. And so we really need to figure out a way to get more people on board the science and technology economic wave.

One of the ways might be with regard to the magnet schools that have been set up around the country, and they particularly tend to concentrate on science and technology if you have a magnet school and I think largely because it is so difficult to get good science teachers because they have very competitive job opportunities out in the private sector. You can't really pay teachers a competitive wage to get involved in the school system. And so the few that you do, you have to sort of concentrate in magnet schools. And then the supplies, the computers and all of the scientific equipment, again is more expensive than most schools can afford.

TECHNOLOGY AVAILABILITY

So it would seem that one of the missions of NII that would be consistent with what you are talking about is to find ways to get these classes on-line, particularly videos, so that other high schools and even in elementary schools can participate in these courses through technological advances in communication so that you don't have to have that many teachers. The few teachers you have, you can at least expand their ability to communicate. Is that something you have been looking into?

Mr. IRVING. I couldn't have said it better than you, Congressman, so I am not going to try.

Mr. MORAN. I don't think I expressed it very well, actually.

Mr. IRVING. I think you expressed it extremely well.

I happen to be married to a black woman engineer who went to an inner city school, and one of the things she has been involved in is trying to encourage more—particularly black students, but including black women. If it is a problem for blacks overall, it is even more of a problem for women in sciences.

But if you can excite a child at 7 or 8 or 10 or 15 about technology, get him or her where they can perform in this endeavor, you can keep them for a lifetime.

I was reading another article about how in a lot of schools they think it is a good ratio if you have one computer per 16 students. But that is like saying having one pencil for 16 students is a good ratio, and we must improve that as we get to the year 2000.

Mr. MORAN. You have to have hands-on experience with it. We were very excited about the idea of bringing high school kids into the science and technology committee room and letting them communicate with kids that were down in the rain forests and the corral reefs of Belize. That was terrific. And I gather that that really is consistent with what you are all about.

Mr. IRVING. Absolutely consistent.

Mr. MORAN. I have to go down and vote shortly.

Mr. SKAGGS. I already did.

PUBLIC BROADCASTING FACILITIES GRANTS

Mr. MORAN. I am a little concerned about your cutting the budget for public television broadcasting. You know there is only $1 million in for children's television, and yet we are talking about the crime bill now. And one thing we can all agree on, we have to do something about the quality of children's television because it has such a profound influence upon the way that they conduct themselves and interact with others and, really, the way that they mature.

And so I would hope that with all of the excitement over the information highway that we don't neglect some other very important aspects of your mission, your agency. So reassure us.

Mr. IRVING. I will reassure you. We take very seriously the educational—the NECET program. I was here when the Congress passed it. I know how important it is. And we think that we can do a lot with that million dollars. We believe that we can fund five or six different applications with that million dollars. It is going to be tight, but we will do it.

With regard to the public broadcasting mission, this is the first administration to have funded it of the last three. For 12 years it was zero funded in the administration. Last year, we did fund it, and this year we will fund it again.

Mr. MORAN. Yes. But that was because they knew the Democrats were going to put it back in.

Mr. IRVING. We are hoping you will keep it in. We are hoping that you will keep the $10 million we requested in, Congressman.

Mr. MORAN. But that is more than half.

Mr. IRVING. It is not really more than half. One reason it is not is because we are moving the distance learning program of about $6 million to $8 million from PBFP to the NII grants. Last year we gave about $6 million for distance learning, including I think the University of Colorado, the Navajo Nation, the black college satellite network from PTFP. That money would not be coming out of PBFP in Fiscal Year 1995. Instead, it will be funded out of NII because it is a long-distance learning type of application.

With regard to the remainder, we are really trying to focus hard on a couple of things with regard to PBFB. We are very proud as an Administration—and I think the Congress should be proud—that we have extended public broadcasting to about 95 percent of Americans able to see public TV. Roughly 90 percent are able to receive public radio. We think we can do better and should. We think the funding level requested will enable us to do better with regard to pushing out more public broadcasting.

We also think, however, in this time of tight dollars we have to make some judgments. We think the primary mission of PBFP will be more than fully realized at the levels that we requested, and we will work with the Congress to make sure. I fully expect that you will call me on this. But if you fund PBFP at 10.8 million, I will absolutely guarantee you that our mission of expanding public broadcasting to reach the American public will be realized.

Mr. MORAN. It sounds good. I know that your intent is that that would be the case, but when you cut something more than half, even though some of it is being carried out in another part of the government, even within the agency, it still is a real threat to the ongoing program.

Mr. IRVING. It looks a lot worse than it is. I promise you that.

Mr. MORAN. Okay. I have to go vote.

Mr. MOLLOHAN. Mr. Skaggs?

Mr. SKAGGS. Thank you, Mr. Chairman.

Good morning—or good afternoon.

Mr. IRVING. Good afternoon, Congressman.

TV MARTI

Mr. SKAGGS. The question I wanted to pose to you first is probably not one you are expecting. There was recently completed a review by a special advisory panel created pursuant to the conference report from this subcommittee last year, an advisory panel on radio and TV MARTI. Did that panel seek any kind of technical advice from you on transmission signal questions?

Mr. IRVING. Not that I am aware of, Congressman. I can check that and ask somebody on my staff. I did not receive any correspondence directly, but I can find out from my staff.

Mr. SKAGGS. Would NTIA have the capability of providing technical advice on signal transmission and jamming questions?

Mr. IRVING. Absolutely, yes, sir.

Mr. SKAGGS. And it would be fair to say that you are the repository of such technical expertise within the United States Government?

Mr. IRVING. Within the executive branch, we certainly are.

Oh, I was just told that Dick Parlow, who runs the office of Spectrum Management, did participate in discussions. I will find out exactly what level those discussions were held at. They never reached my level.

Mr. SKAGGS. Okay. One of the suggestions of the panel is that what is now a VHF program of broadcasting be changed in various respects, but—in one respect, to UHF, because it is argued that is less easy to jam, and that seems to me to be a fairly narrow technical question. So if, for the record, you could have your people review the panel report and then give us your advice on that technical issue of whether we make things less easily jammable by shifting, as is suggested, from VHF to UHF transmission.

Mr. IRVING. I will certainly make sure that that report gets back to you. We will look at the report and get a report back to you.

Mr. SKAGGS. Great.

[The information follows:]

EFFECTS ON THE RECEPTION OF VHF VS. UHF TV

NTIA has not completed its review of the report and jamming effects on the reception of VHF TV vs. UHF TV. Preliminary conclusions are that: (1) a new transmitter with more power will be required by TV Marti; (2) new Cuban jammers will be required with more power; and (3) from a technical point of view the overall long-term effects of jamming should be the same (i.e., that the UHF TV reception can be effectively jammed).

Mr. SKAGGS. And if you would also supplement for the record the nature of the help requested of Mr. Parlow and the nature of the help given.

Mr. IRVING. I will talk to him personally in the next day or two—I believe he is out of the city today—and we will get back to you.

[The information follows:]

TV MARTI

NTIA actively participated in the technical and policy efforts leading up to TV Marti becoming operational on TV Channel 13. NTIA was not involved in either the technical or policy discussions leading up to the recommendation to put TV Marti on UHF TV channels.

SPECTRUM REALLOCATION

Mr. SKAGGS. Next, an intergovernmental question.

The FCC has been charged with spectrum auction responsibility. You are undertaking the happy mission of persuading other agencies of government to do without pieces of the spectrum. What happens after you have done your job and how are you doing it?

Mr. IRVING. We are doing extremely well. Early this year, Secretary Brown announced that we have identified 200 megahertz of spectrum to transfer to private sector use from public sector use. That report is out for public comment.

We have had a meeting with various parties in the public to ask them their views. The FCC will have 50 megahertz to move this year. They are, I believe, in the next public open meeting going to start looking at what they need to do with that 50 megahertz of spectrum. They are going to open that up for public comment.

Mr. SKAGGS. So the spectrum that you have been able to identify to be purged out of the public sector will then be given to the FCC to auction off to the private sector?

Mr. IRVING. It may be auctioned, it may be allocated in other ways and assigned in other ways. They make that determination. We have given them 50 and over the next 10 years will give them another 150 megahertz.

Mr. SKAGGS. How difficult was it to extract that spectrum from the current users?

Mr. IRVING. Very few people like to give up spectrum or any other resource. The Congress asked us to give up prime spectrum, and they have. Because of the more efficient use of technologies we believe that what is happening in the marketplace allows us to do it without farming out defense capabilities.

Mr. SKAGGS. Signal compression and other technologies, you can do the same——

Mr. IRVING. We can do a lot more things than we could before. And, also, I think it is fair to say that we have been a little hoggier than we need to be with spectrum as the Federal government, and it is not a bad discipline to impose on the Federal government to make sure that we are as efficient as the public sector would be. It is a scarce resource, still.

Mr. SKAGGS. I am just wondering whether you might elicit any further donations of spectrum by providing some incentives to an agency to find additional spectrum efficiency.

Mr. IRVING. I don't think we have a lot of fat left on those bones. I think we are down to muscle and bone maybe some cartilage, but we are not looking at a lot of fat.

I think to try to go back near term to Federal government users, it would be very difficult. There are billions of dollars of investment of technologies in the spectrum. The Defense Department, if we make them move, there is a cost to that. And we are asking as part of our appropriations initiative to assist us in accommodating the use of government spectrum.

It is going to cost the Defense Department, the Coast Guard and others significant numbers of dollars to move from where they are to use different technologies. There is not a lot of latitude left. They have been very forthcoming and worked very well with us.

Mr. SKAGGS. Good. Thank you, Mr. Chairman.

Mr. MOLLOHAN. Mr. Rogers.

Mr. ROGERS. Thank you, Mr. Chairman.

Welcome.

Mr. IRVING. Thank you, sir.

Mr. ROGERS. Good luck to you.

Mr. IRVING. Thank you.

REQUEST TO OMB

Mr. ROGERS. What was your request to the OMB? Have you told us that yet?

Mr. IRVING. $184 million.

Mr. ROGERS. And what did they do to you?

Mr. IRVING. OMB took $50 million from the NII program. The request is now $134 million.

Mr. ROGERS. And all of that came out of the——

Mr. IRVING. Came out of NII.

Mr. ROGERS. So, originally, how much were you asking for the NII program?

Mr. IRVING. $150 million.

Can I give a little bit of background to that?

Mr. ROGERS. Yes.

Mr. IRVING. It seems like a significant jump. Our initial plan was $64 million of the stimulus package last year, $80 million in fiscal year 1994, $150 million as we were trying to ramp this program up. We tried to stay consistent with that. We can live with $100 million, but we think the $150 million would also have been a defensible sum.

There is a lot that we are trying to do with this program with regard to delivering services to the American people, that they are going to need now, public institutions.

Mr. ROGERS. So in your budget request to OMB, you are requesting a 56 percent cut in the public telecommunications facilities grant program, which I want to talk to you about.

Mr. IRVING. I had a feeling you might, sir.

INFORMATION INFRASTRUCTURE GRANTS

Mr. ROGERS. $74 million of the increase in your request would go to the NII program.

Mr. IRVING. Yes, sir. Well, $100 million, a $74 million increase. The NII program would be funded with a $74 million increase.

PUBLIC BROADCASTING—DISTANCE LEARNING

Mr. ROGERS. Yes. Well, I think there is probably consensus that the NII program is justified for some increases in money that we can find as far as our subcommittee goes.

But we are so tightly squeezed. We are facing, if we approve the budget, the FBI Director's request, for example, he would have to lay off FBI agents. DEA the same. All of those things, which are almost life and death to Americans for the war on crime.

So we may have to, regrettably, wake you up with a dose of reality that we are being forced into by circumstance.

Anyway, both of these two programs I mentioned, the NII and the PTFP are good programs.

Now, on the cuts in the PTFP program, how much of the funds provided in fiscal year 1993 and 1994 were used for distance learning projects?

Mr. IRVING. In 1993——

Mr. ROGERS. Which could be funded under the new——

Mr. IRVING. And will be funded under the new NII program, and that is why the cut is not as significant as it looks at first blush. Of the $20 million, the $20 million plus dollars appropriated in 1993, approximately $6 million plus went to distance learning programs. We have not yet completed the evaluation of all of the FY 1994 applications programs.

There are slightly more than 300 applications in this year. Roughly a third of those applications are for distance learning or nonbroadcast applications. So we are assuming between $6 million and $8 million again this year of the PTFP or PBFP program would be funded under NII, under our new allocation.

So, actually, the number we are looking for is not really a cut from $24 million to $10 million. It is really a cut from $24 million to $17 million or $16 million. That other $6 million cut—and it is not an insignificant cut, I recognize—but the other $6 million we are cutting is somewhat of a reflection of what is going on with Congress and also our belief that the mission of the NTIA program to serve underserved and minority communities and audiences can still be realized even with those cuts.

We are not going to let any community go unserved or any station that is a primary source go dark. We are going to continue to work with this Congress and with the public broadcasting community. I am proud of the work I did and the work that this Congress has done. I don't want to see this work get hurt. It is not our intent.

Mr. ROGERS. Well, I am not telling you anything, because it is what you are there for. But particularly in the rural parts of the country where distance is a barrier to progress and learning, the rage of the age for the rest of our lives will, of course, be learning from a distance. So this is vital to the rural parts of the country, keeping up with its brothers and sisters in urban areas.

How much of the funds for PTFP in 1993 and 1994 were used for equipment replacement and upgrades? Can you tell me that?

Mr. IRVING. I believe I can. Let me look for that for just a second.

Of the $20.8 million awarded, $14.5 million were for broadcast projects and over $6 million were for distance learning. I don't have a breakdown beyond that as to a replacement because some were initial service applications.

Mr. ROGERS. What I was looking for was the amount used for equipment replacement upgrades and the same figure for establishing new stations.

Mr. IRVING. Actually, 46 grants totaling $10 million for maintaining public broadcasting infrastructure were awarded last year. I would assume, therefore, that another $3 million to $4 million were for first service grants.

With regard to replacement, it is impossible for me to tell from this breakout exactly what replacement equipment was given. We have ranking priorities.

Mr. ROGERS. With the cuts you are proposing for the PTFP program, would we be able to at least stay even with what we have been doing the last couple of years on both equipment replacement upgrade? At least keep monies there for existing stations to be able to stay going?

Mr. IRVING. We do not fund all requested replacement grants. We probably would not fund all of the grants that we were able to fund last year, but we do think we would be able to maintain the same level of service for public broadcasting to the community with the same level of funding that we are requesting.

Mr. ROGERS. Well, now, what would you have to stop funding in the PTFP program with this large cut? What would you have to stop?

Mr. IRVING. With the cut, what I would assume we would have to cut would be a lower priority grant. For example, where there are two or three or four public broadcasters in a community, we might be less likely to fund replacement equipment for a station in that community than for a station that is the sole provider of public broadcasting in a community.

Mr. ROGERS. It would be harder to get a grant.

Mr. IRVING. If you are in a multiple service community, yes.

Mr. ROGERS. Do you intend to provide any funds for equipment replacement maintenance?

Mr. IRVING. We would give some, particularly in areas that would otherwise go dark or be unserved or underserved without assistance from NTIA.

Mr. ROGERS. How much would that funding be cut from the current?

Mr. IRVING. I don't believe we would have to make significant cuts in that, and I can try to break that out for you.

Mr. ROGERS. You think the funding would be roughly similar.

Mr. IRVING. Under our proposal, we think we can continue to maintain about the same level, yes, sir.

Mr. ROGERS. I mean, dollar figures would be about the same.

Mr. IRVING. Under the $10.8 million—we don't have a significant number of requests for extension or new service. We are trying—because a lot of this is already covered, 90 to 95 percent. So what you are really talking about is replacement which is our largest pocket of money, even larger than distance learning.

If you take distance learning out and you do replacement, then you prioritize replacement so that you are really focusing those areas that are unserved or underserved. You can do a lot with $10 million.

Mr. ROGERS. I wonder if you could provide for the record information about how many applications for maintenance of facilities were received in the 1993 grant cycle and how many were actually funded. Could you provide that for the record?

Mr. IRVING. I can certainly provide that.

[The information follows:]

PTFP/PBFP GRANTS—APPLICATIONS FOR MAINTENANCE

[Dollars in millions]

	Fiscal year—		
	1992	1993	1994
Applications received	149	143	133
Amount requested	$30.3	$30.9	30.8
Awarded	56	56	0
Amount awarded	$10.2	$10.0	0

NII PROJECTS

Mr. ROGERS. Well, I know from my own experience, and I think Mr. Price has maybe some similar experiences, I am putting together in my district, along with a lot of other people and along with the Kentucky Educational Television Network, we are putting together in a rural development center an interactive two-way television capability to all of my counties. Not in schools, but in some other public facilities, so that we can link up an area larger than the State of Maryland a very rural and impoverished area, with the capability to get our leadership together and put together an economic development gain, for example, for all of us to go by. And there is no other way to do that.

And to not be able to use this type of networking it seems to me, would be throwing away the best chance we have. And I am sure that there are a lot of areas in the country that have the same need and perhaps the same idea.

Now that may or may not, you know, effect what you are doing. But I think it illustrates the kind of vital mission that you are charged with.

Mr. IRVING. I couldn't agree more. I can't say today that it will be funded, but it is exactly the type of program we are trying to put together, getting the institutions tied in.

If you will give me indulgence for one moment to go back to something you said with regard to crime initiatives, and there are two points I would want to make.

A large part of the problem that we have with crime is lack of education. The way education is delivered in this country five years from now is going to be fundamentally different, and a large part of that is going to be used through technologies.

Right here in Washington, DC., I have seen a Bell Atlantic commercial over a last couple of weeks where they show kids in Anacostia taking French from the best teacher in Washington, DC., which would have to be Mount Pleasant. One of the Members of this committee talked about how you could do that through a State or city using the best technology. We could raise our educational level if we can excite children. We could do a lot.

I believe it was Jane Alexander, the new head of the National Endowment of the Arts, who said if you put a paintbrush in a child's hand, that hand is too busy to hold a gun. If you can keep these kids in school, make sure they know they have an economic future beyond going out there and doing things with crime, you can make a big difference in rural and urban America with regard to the level of progress we make in reducing our crime program.

But the NII program goes beyond just making this next generation and using it to help them. We can use it for knowledge of health care, and in crime we have a huge public safety component in our office.

We want to work both with the Federal law enforcement officers, but also the NII grant program will also fund public safety uses so that the incident that happened in California last year where this man kidnapped a kid but they didn't know a warrant was out because the technology hadn't caught up with the event. Some parts of the police in that community knew that they were looking for this gentleman, but the officer who stopped the kidnapper didn't have that information yet. So how many times have we heard that somebody was stopped and they didn't have that information because they didn't have automatic fingerprints.

Those are things we can do with this technology, things we hope that by demonstration projects we can show communities how this is used to reduce crime.

It is not an issue of funding the FBI or funding this. It is funding this or having the higher level in the future.

Mr. ROGERS. You make an awfully good point, particularly the magnetism that TV has for kids, already being there.

Well, I have a slogan you can use on your door. I think it fits what you are doing. It is not mine. Another person authored this, but I think it fits your purposes.

He said, "there are those who will say, of course, that deliberation of man and mind is only a dream. They are right. It is the American dream."

Mr. IRVING. Thank you. I will use that. I appreciate that a great deal.

NII AND LAW ENFORCEMENT

Mr. PRICE [presiding]. Let me pick up on the use of this information infrastructure for laws initially.

Mr. IRVING. Yes, sir.

Mr. PRICE. This subcommittee held a field hearing in Raleigh, North Carolina, on Monday in my district, and the main focus was on the criminal justice system and law enforcement. But we had a witness named Ron Hawley, who is the director of the working group on the informations highway applications in North Carolina in law enforcement. He gave very convincing testimony as to what this would mean for law enforcement and the progress that we are making in North Carolina in developing these applications.

I am glad to hear you speak about that here today. It was not stressed in your testimony or in the accompanying materials, the various law enforcement applications. In fact, I was wondering what kind of applications you had in mind, the extent to which you are working with other Federal agencies to make certain that those applications were developed. But I now understand that this is indeed one of the applications that you have in mind and holds certainly some exciting possibilities.

Mr. IRVING. Next Tuesday, I believe the President has invited the Department of Treasury, the Department of Defense, and the Justice Department to demonstrate some of the uses of technologies for law enforcement.

We obviously are working with the law enforcement community, because we give the spectrum to the Federal law enforcement users down to the local level.

I don't know what percentage of our dollars will go to law enforcement. It certainly will be a focus.

And in the Senate authorization bill, Senator Hollings has made it very clear that he also expects to see us do something in public safety, and we certainly will.

Mr. PRICE. I also understand what you are saying about outreach efforts, efforts to include communities that might not be as far along in developing some of these technologies.

At the same time, I think it is important to work with the States that have taken initiatives, that have developed these programs, to demonstrate what we can do, what the potential is, and try to disseminate those results throughout the rest of the system. It is important to support those breakthrough efforts as well as to bring others up to speed.

Mr. ROGERS. Would the gentleman yield just briefly?

Mr. PRICE. Certainly.

Mr. ROGERS. Am I—correct me on this. Will these grants under the NII program or the others, will they be available to community development groups, organizations, along the lines that I described to you a moment ago?

Mr. IRVING. Yes, sir, they would be. A public—a not-for-profit public institution, public community development group, yes, they certainly would be eligible.

Mr. ROGERS. Especially if they were designed for public training programs like training attendance tourists in a region or whatever.

Mr. IRVING. The types of applications are limited literally only by the imagination of the public servants who put them forth.

Mr. ROGERS. Thank you.

Mr. IRVING. With regard to States that have more advanced technology, in two weeks from yesterday, I will be down in North Carolina. We are holding hearings on open access. Jane Smith Patterson is a member of the President's Advisory Council. We are working with the Governor's office and with the North Carolina public utilities commissions to put the hearings together.

We will have a demonstration project to show what is happening in North Carolina. We expect that it will be a great day to educate. I will be there. FCC Commissioner Barrett will be there. Deputy Secretary Dave Barron with the Commerce Department, Ginger Long, our General Counsel, will be there. We want to see what is happening in North Carolina.

I have been to California and to New Mexico. We are getting out beyond the Beltway. When I go to States I try to meet with as many different people in that State. We want to know what is happening, and we certainly do not mean or intend in anything we have said to indicate that we are going to penalize States that have built out the systems. We want to work with all States as well as those that may have chased the ball a little bit further.

Mr. PRICE. What city and what time?

Mr. IRVING. Durham, the Fuqua School of Business at Duke on the 27th. I believe that we start at 8:30 a.m. on the 27th of April.

Mr. PRICE. Good.

Mr. IRVING. You have been invited, and your staff has been invited. We have invited the entire North Carolina delegation.

PUBLIC BROADCASTING FACILITIES GRANTS

Mr. PRICE. We will look forward to that.

Let me turn to the public broadcasting item. There has been a good deal of discussion of that already, which I don't want to belabor, but I nonetheless want to join the chorus of concern that has been raised here this morning.

We are enthused, of course, about your infrastructure initiative. We want to see it work, and we want to fund it as generously as we possibly can manage within the constraints we are operating under.

At the same time, it appears to be a drastic reduction in the public broadcasting facilities program. I understand that part of this—I think you said 6 million——

Mr. IRVING. Six to eight million dollars.

Mr. PRICE [continuing]. Will be covered under the distance learning aspects, will be covered under the information infrastructure grants. That still leaves a shortfall of around $8 million from what has been funded in the current year.

I understand you are going to furnish for the record a breakdown of the present grant picture in terms of the grants for unserved areas, grants for replacement and maintenance, the grants for visually and hearing impaired assistance.

Mr. IRVING. Okay. We will break that down.

Mr. PRICE. How that breaks down.

Mr. IRVING. Yes, sir.

[The information follows:]

FISCAL YEAR 1993 PTFP GRANTS AWARDS

First Service Applications (Priority 1)—23 awards; $3.4 million.
Replacement Projects (Priority 2, 4A, 4B)—56 awards; $10.0 million.
Projects that serve the hearing and visually impaired—2 awards; 7,282.

Mr. PRICE. Also, if we could have some indication of what your application level is in those areas, what kind of applications you are receiving in these areas as compared to what you are actually able to fund.

Mr. IRVING. We will give you as thorough a breakdown as possible, and I will work with the staff and the committee and your staff to make sure that what we return to you is adequate.

[The information follows:]

FISCAL YEAR 1994 PTFP APPLICATIONS

First Service Applications (Priority 1)—56 applications; $10.6 million.
Replacement Projects (Priority 2, 4aA 4, B)–133 applications; $30.8 million.
Projects that serve the visually and hearing impaired—Not available at this time.

Mr. PRICE. Something does have to give. You know, we are talking about—even putting the best face on it, we are talking about a shortfall from 6 to 8 million. Where is that going to hit? Can you tell us that?

Mr. IRVING. I think the most honest answer would be in the replacement grants to some communities. That is the most likely place for a shortfall.

You have identified our priorities. We want to extend service and maintain service in areas that would otherwise lose service without the grants. We certainly want to extend service to the visually and hearing impaired. I think that is an important benefit. We want to do more in minority communities, and we think we can do more there with providing access to stations.

Where we have some ability we think to make some cuts without harming the core of the system would be in replacement grants in those communities where our failure to get there would not cause diminution or loss of service.

Mr. PRICE. We want to look at that very carefully. We want to see the level of applications that you are dealing with, what you have been able to actually grant.

I know, just speaking from my own experience, our public TV system in North Carolina has been a beneficiary of this, WUNC–TV received a $864,000 grant last year toward replacement of an obsolete tower transmitter antenna transmission line. That work was deferred for years. Finally, we have gotten it done.

Other communities, I expect, have similar needs. So we will appreciate that information and your cooperation in evaluating exactly what we can manage in these tight budget times.

On the question of unserved areas, have you conducted any kind of requirements analysis, needs analysis to determine the scope of the need that exists for extension of service to unserved areas? I guess that kind of analysis as opposed to simply looking at whatever applications come through the door.

Mr. IRVING. We certainly know what areas are unserved. We have coverage maps of this entire country. I don't really have the knowledge, but I have access to the knowledge. People within NTIA certainly have the knowledge of where the signal coverage area for public broadcasting is throughout this Nation. In fact, we are the ones who helped develop it.

We know where 95 percent of the people have access. We know where the 95 percent who have access to public radio reside. We also know where the 5 and 10 percent, reside who don't have access. We know we have satellites. We also know that no matter what we do there are going to be some so-called white areas of public broadcasting that won't be able to receive because of topography, demography, whatever the reason.

But we want to make that number as small as possible. We certainly want to work with the public broadcasting system to see that reduced. It has been squeezed every day in the last 15 years. We want to see it squeezed more.

CHILDREN'S EDUCATIONAL TELEVISION

Mr. PRICE. We, obviously, are not just talking about geographic coverage but what kinds of communities that are outside of the system and what it would take to achieve better inclusion.

Finally, let me turn to children's educational television. That, of course, is a very small item in your budget; and, unfortunately, in my view, it remains a very small item. You are requesting significant overall increases for other important things, but we don't even have a symbolic increase here.

I don't know what kind of program you can run with $4 million. Maybe one way to get at it would be to ask you what you have been able to do, what your priorities are in the grants you have funded thus far. Our office has sought information on this, and we have been told that of 12 awards recently made only one dipped into the preschool age range. That one was proposed for a three to seven year age range.

According to my impression, not a single funded proposal was directed primarily at preschool kids, the kids we need to be getting ready to learn for school, kids who for better or for worse watch a lot of television in this country.

The Carnegie Foundation report and others have indicated that this is a crucial developmental stage, and since they are going to watch television, then television can be part of the solution as well as part of the problem. You know the Goals 2000 legislation has just been passed, and one of those goals and one of the most important is to make sure that our kids are ready to learn.

We have been told that 40 percent of our kids in North Carolina—and I expect the national average isn't much better—40 percent of our kids in North Carolina show up in kindergarten deficient in their readiness to learn in one way or another, whether it has to do with health or family situations or nutrition or the absence of the kind of early stimulation that good children's television could help provide.

So what are we going to do about this problem? Maybe you can reassure me that elsewhere in the government, other levels of government, that kind of seed money effort is going on or could be undertaken. We welcome what you are attempting to do here, but it just doesn't seem to measure up in terms of the need that we are facing.

Mr. IRVING. I am getting a lot of information, even as we speak. The information superhighway does work in this direction. I would like to try to assure you that we are doing everything we can.

A couple of things: One, I believe in the endowment. In 1988, I was on Mr. Markey's staff when the legislation with regard to children's television passed this House. I was a principal staff person working on that legislation in 1988.

We came back in 1990 and in 1989 and 1990 after President Reagan vetoed the bill. Back in 1989 and 1990 I worked with the Senate on this specific proposal, and I take a lot of pride not just in having been one of the staff to work on it but now having the chance to implement it. I certainly don't want to see it fail. We were able to fund 12 grants last year, and we believe we can do five or six grants this year with the $1 million.

We focused not on ready to learn—and there is a lot of interest in ready to learn and a lot of interest in preschool in other areas of the government, as you rightly noted—but we focused on six to eight because there is an advisory council that existed, and the administration is looking at reconstituting that advisory council. There is an advisory council that existed, but in its first incarnation, when they did an analysis of where we should focus our attention, they suggested that we focus our attention to six to eight-year-olds, because that is where the biggest gap was.

While there is a gap for children of all ages, there is more programming available in the public broadcasting system for pre-school-aged children than there is available for children six to eight. We wanted to help the shortfall.

Our authorizing funding and appropriated levels forced us to make some tough choices. But we are still probably going to target most six to eight, but I am certainly going to take your concerns and the concerns of the other Members of this body into account when we look at the grants this year. There is nothing we can do that is more important than getting our children ready for school except educating them once they get into school. And this agency will do everything it can with the resources provided.

Mr. PRICE. What kind of participation are we getting in this program in terms of grant applications?

Mr. IRVING. We are getting a lot of grant applications. Last year these were 305 preapplications, 105 full applications, and we gave 12 grants for $2.4 million. That allowed us to do four series, one individual program, three pilot programs and four preproduction projects. I think that is fairly efficient economizing to be able to do 12 grants with $2.4 million, and we think we made a contribution.

We haven't been able to do the metrics yet on any of those grants because they are still in production. The deliverables aren't there yet.

One of the most important things we can do as a grant-making entity is to review those grants and see what they really accomplished after we give those grants. And we are going to do that tough job on these grants, and we will do the same thing with the grants we give with the $1 million we have this year.

In an ideal world, I think we would like to be able to say we should have more money, but we are trying to balance the NII program to so many different potential wonderful applications: the PTFP program, which we are asking for a cut in, and the NECET TV program, as well as NTIA's principal role which is an expanded role with regard to working with this Administration to help with regard to international telecommunications policy development, domestic policy development that will be resulting from the legislation passing, working with the 30-member advisory council established by the President, working in support of the President's and Vice President's and Secretary Brown's telecommunications initiatives.

We have a lot of different things we are coming to this committee for, and we are trying very hard to be responsible and reasonable in our requests to this committee.

Mr. PRICE. It would be helpful if you could supply for the record just brief information about the most recent awards.

Mr. IRVING. We will give you as much information as there is, sir.

Mr. PRICE. And any pending awards.

I am not suggesting that the index of success here is the mere number of awards or the geographic spread or anything of the sort. I think you need to make judgments about the quality of the proposal, the potential of the proposals to reach large numbers of children, effective dissemination and so forth.

At the same time, if you are dealing with that kind of pool of applications, it is clear we are dealing with only a very, very small fraction of the potential there.

Mr. IRVING. I agree, sir.

[The information follows:]

NATIONAL ENDOWMENT FOR CHILDREN'S EDUCATIONAL TELEVISION
Grant Awards for Fiscal Year 1993

Community Television of Southern California / KCET Channel 28; Los Angeles, CA

"Storytime" Funds Awarded: $300,000 Total Project Cost: $2,142,691

For the planning, development, scripting and production of "Storytime," a new series of 20 30-minute programs for 3 to 7 year olds that features children's literature read by well-known adults and children, and that focuses on literature, reading and language skill issues. The project also funds the upgrading of the original 20 programs for national distribution on PBS. "Storytime" is set to premiere on PBS stations across the country on Monday, June 6, 1994. Project completion is scheduled for June 30, 1994.

QED Communications, Inc. / QED West, Inc.; Los Angeles, CA

"Rinko: The Best Bad Thing" Funds Awarded: $100,000 Total Project Cost: $1,248,526

For the planning, development and production of "Rinko: The Best Bad Thing," a new series of 3 30-minute programs or a 90-minute special for 6 to 13 year olds that will be a dramatic adaptation of the book by Yoshiko Uchida and will focus on reading, multiculturalism, and pro-social behavior development issues. The co-producer of "Rinko" is NHK, the public broadcasting network of Japan. "Rinko" received a $250,000 grant from the Corporation for Public Broadcasting in April, 1994. Project completion is scheduled for January 31, 1995.

Foundation for Advancements in Science and Education (FASE); Los Angeles, CA

"The Eddie Files" Funds Awarded: $300,000 Total Project Cost: $ 650,008

For the planning, research, development, scripting, production and later evaluation a 30-minute pilot production of "The Eddie Files," a prospective new series for 9 to 11 year olds that focuses on mathematics, science, problem solving, reasoning and career education issues. The program will feature Kay Toliver, the award winning mathematics teacher from East Harlem Tech/Public School 72 in New York. "The Eddie Files" pilot project has also received $400,000 in funding from ARCO. Project completion is scheduled for March 31, 1995.

The Media Group of Connecticut, Inc.; Weston, CT

"Time Quest" Funds Awarded: $100,000 Total Project Cost: $ 250,000

For the research, scripting, production and later evaluation of a 30-minute pilot program of "Time Quest," a prospective new series for 6 to 8 year olds that focuses on history, multiculturalism, self-esteem and pro-social behavior development issues. "Time Quest" utilizes multicultural dramas from American history that pose critical problems requiring interactive solutions by children. The project is being developed in conjunction with the Yale University Family Television Research and Consultation Center. Project completion is scheduled for September 30, 1995.

Georgia Public Telecommunications Commission / Georgia Public Television; Atlanta, GA

"Zoo Q" Funds Awarded: $200,000 Total Project Cost: $ 720,150

For the planning, research, development, scripting and production of "Zoo Q," a new series of 25 30-minute quiz programs for 7 to 12 year olds that focuses on the environment, ecology, zoology and general science topics. Project completion is scheduled for September 30, 1995.

WGBH Educational Foundation; Boston, MA
"Arthur" Funds Awarded: $300,000 Total Project Cost: $ 400,000
For the research, development and writing of 10 scripts and a series overview for "Arthur," a prospective series of 40 30-minute animated programs for 6 to 8 year olds based on the books by Marc Brown that focuses on reading, ethics, values, and pro-social behavior development issues. Project completion is scheduled for April 30, 1995.

Twin Cities Public Television, Inc. / KTCA; St. Paul, MN
"Pathfinders" Funds Awarded: $260,000 Total Project Cost: $ 380,589
For the scripting of "Pathfinders," a prospective new series of 6 30-minute programs for 7 to 11 year olds that focuses on ethics, values, and decision-making skills. "Pathfinders" is being co-produced by Lancit Media Productions of New York. Project completion is scheduled for June 30, 1995.

Educational Broadcasting Corporation / WNET Channel Thirteen; New York, NY
"The Nature Trail" Funds Awarded: $ 48,750 Total Project Cost: $ 65,000
For the planning, research and development of a series overview and program outline for "The Nature Trail," a prospective new series for 7 to 12 year olds that focuses on environmental and ecology issues. The project was completed March 31, 1994.

NEON, Inc.; New York, NY
"Wufniks!" Funds Awarded: $157,903 Total Project Cost: $ 210,538
For the planning, development, research, scripting and later evaluation of a 30-minute pilot program of "Wufniks!," a prospective new series for 5 to 9 year olds that focuses on science and mathematics topics. The project received a $25,000 grant from the Carnegie Foundation in February, 1994. Project completion is scheduled for August 31, 1994.

Goin' Up Productions, Inc.; New York, NY
"Goin' Up" Funds Awarded: $200,000 Total Project Cost: $ 273,162
For the planning, scripting, production and later evaluation of a 30-minute pilot program of "Goin' Up," a prospective new series for 6 to 10 year olds that focuses on science, math, problem solving, and multiculturalism issues. The Educational Broadcasting Corporation/WNET Channel 13 of New York is a co-producer of the program. The project is scheduled for completion on July 31, 1994.

ETV Endowment of South Carolina, Inc. / South Carolina Educational Television; Spartanburg, SC
"The Magic School Bus" Funds Awarded: $350,000 Total Project Cost: $ 768,998
For the planing, research, development, scripting and production of "The Magic School Bus," a new series of 13 30-minute programs for 6 to 9 year olds based on the books written by Joanna Cole and illustrated by Bruce Degen that focuses on science, environment and ecology topics. NECET funding will go toward animation of 6 programs in the series. Project completion is scheduled for July 31, 1994.

United Indians of All Tribes Foundation; Seattle, WA
"Spirit of the Cedar Tree" Funds Awarded: $ 83,000 Total Project Cost: $ 150,820
For the research, development, scripting and production of "Spirit of the Cedar Tree," a 30-minute individual program for 6 to 8 year olds that focuses on ecology, the environment, ethics, values, multiculturalism, self-esteem development and literacy issues. Project completion is scheduled for September 30, 1994.

Mr. PRICE. Well, we will have some further questions for the record, as will the minority, I am certain.

We appreciate your appearance here today and the work that you are doing and your patience in waiting most of the morning.

Mr. IRVING. Happy to do it.

Mr. PRICE. And we look forward to working with you in firming up this budget proposal.

Mr. IRVING. Maybe we will get to see you at the school of business.

Mr. PRICE. Thank you. I will try to be there.

[The following questions were submitted to be answered for the record:]

Questions Submitted by Congressman Mollohan

National Information Infrastructure Initiatives

QUESTION:

If only 60 percent of the funds (less than $16 million) is designated for demonstration grants, approximately how many demonstration grants can be awarded in FY 1994? What do you anticipate to be the average size of the grants?

ANSWER:

Grant awards in this round of the program may be any size. We anticipate that we will make grants ranging from a few thousand dollars to more than $1 million. We expect that most will be in the range of $100,000 to $500,000. If the average size is $200,000, NTIA will make approximately 80 demonstration awards in this cycle. These Federal funds will, in most cases, be matched by an amount equal to or greater by the grantee. In those rare instances where only the Secretary deems it appropriate, the grantee will need to provide 25 percent of the funds required to undertake the program.

QUESTION:

How will the FY 1995 program differ from the current year grant program? Will the selection process change in FY 1995, and will there be a shift in emphasis from planning to more demonstration projects?

ANSWER:

We will use the information obtained in the first year of the program to refine the program in FY 1995 as required. We will coordinate our efforts with those of other Federal agencies and with state and local planning authorities. If this year's responses to the Notice of Availability of Funds indicate a need for continuing support of the planning process, we will include planning as a category in FY 1995. If not, we will fund more demonstration projects. In addition, we expect to refine the project evaluation criteria, as needed, based on our experience in the FY 1994 grant round.

QUESTION:

What is the status of legislation authorizing this grant program, and would enactment of such legislation prior to the award of the FY 1994 grants have any impact on the process this fiscal year?

ANSWER:

Authorization legislation for Fiscal Years 1995 and 1996 passed the House on November 3, 1994. The Senate introduced authorizing legislation for Fiscal Years 1994 through 1998 and held a hearing on March 1, 1994. NTIA is proceeding with the FY 1994 grants round consistent with the pending authorizing legislation.

QUESTION:

Your budget justifications indicate that up to 5 percent of the funds will be used to support research. How specifically will these funds be used, and how will this research differ from the work being done by National Institute of Standards and Technology?

ANSWER:

The goal of the Information Infrastructure Grant program is to promote the rapid development of information infrastructure for the public sector. We will fund research efforts that advance the critical technology or application areas that are needed to ensure that the NII is built in an interconnected and interoperable manner. NTIA, working in close coordination with NIST, will be undertaking research work in such areas as assessment of advanced network performance, interoperability, and security. The Department of Commerce research activities in support of the National Information Infrastructure are part of an Administration wide complementary research effort involving agencies such as NSF, ARPA, NASA, and DOE.

QUESTION:

Are any of the FY 1994 grant funds designated for research?

ANSWER:

No.

QUESTION:

Are there additional funds for NII research requested under the Salaries and Expenses account? If so, what is the amount, and how do the two requests differ?

ANSWER:

No funds are contained in the Salaries and Expenses account for NII research.

QUESTION:

Will any of the funding provided in FY 1995 be used to continue grants to be awarded with FY 1994 funds? Please elaborate.

ANSWER:

We are making no funding commitments beyond FY 1994. The maximum term of an award is 18 months. Prior support will not be a criterion for the receipt of future support. FY 1995 funding decisions will be made based on FY 1995 guidelines independently of FY 1994 awards.

QUESTION:

What measurements will be used by NTIA to determine the accomplishments and success of this program? How will you evaluate whether or not the NII grant program has been a success?

ANSWER:

Key objectives of the NII grants program include bringing the benefits of connection to information networks to all Americans. A major criterion for success of the NII grants program will be the number of pilot demonstration programs that are funded that serve groups of people that are traditionally underserved by new and innovative applications of telecommunications technology. The number of projects serving residents in the core inner city, in rural America, and on native American reservations will be used to judge the success of the program. Another key objective of the NII grants program is to foster the development of an interoperable and interconnected nationwide information network. The number of projects that are funded that provide services to people at the local level, while at the same time providing connections to national and international information sources is another criterion that will be used to measure the success of the program.

We will conduct ongoing evaluation and monitoring of all funded proposals for conformance with these objectives. We will use the expertise of evaluators from within and outside the Federal government to provide independent assessments of the funded projects and the overall program design and goals. The program guidelines will reflect these ongoing evaluative activities.

Public Broadcasting Facilities Grants

QUESTION:

Your statement also says that NTIA plans to use every PTFP dollar wisely, and that the top priority is funding projects which establish public television and radio stations in unserved areas. Has NTIA conducted a requirements analysis to determine the scope of the need that exists for extension of service to unserved areas? When was the most recent analysis conducted, and what were the results of that analysis?

ANSWER:

NTIA published a comprehensive study, Public Broadcasting in the United States, in 1989 to show how much of the population was covered by public radio and public television signals and how much of the population remained to be covered. The study showed that approximately 94 percent of the population, nearly 76 million out of 80.4 million households, could receive at least one over-the-air public television signal and approximately 86 percent, slightly over 66 million households, could receive a public radio signal.

The stations included in the survey met at least one of four criteria: Corporation for Public Broadcasting qualification, membership in National Public Radio, membership in the National Federation of Community Broadcasters, or receipt of a grant from either the PTFP or one of its predecessor programs. The study consisted chiefly of analyzing contour maps of over-the-air public television and public radio signals. The maps were based on data from the Federal Communications Commission, the Defense Mapping Agency, the U.S. Geological Survey, the Bureau of the Census, and the International Frequency Registration Board.

In 1992, the study was updated informally for the House Appropriations Subcommittee to indicate the progress that had been made. The update showed that NTIA had provided funds to extend public radio coverage to an additional 7.9 million people or two percent of the nation. NTIA also extended public television coverage to include 2.8 million more citizens or approximately one percent of the nation. On an ongoing basis, NTIA informally accumulates figures on population coverage but has not conducted a formal update of the 1989 coverage study.

QUESTION:

Can you give us an estimate of the total potential Federal contribution required to reach these remaining unserved areas?

ANSWER:

The cost of providing coverage to the remaining unserved areas cannot be determined reliably because costs vary according to the technology used -- full-service station, repeater station, translator -- and to whether the terrain is mountainous or relatively flat.

However, recent PTFP expenditures to extend both public television and radio signals give some indication of the cost involved. Since 1989, 52 grants totalling $10.1 million has been awarded to public television entities to extend signal coverage to 3.6 million additional people. In public radio, $12.9 million has been awarded in 105 grants to extend public radio signal coverage to an additional 10.8 million people.

QUESTION:

With regard to maintenance of existing public broadcasting facilities, you stated that you will give every consideration to maintaining essential equipment at stations which are currently served by only one public radio or television station. Does this mean that NTIA will not even consider requests for facilities maintenance from communities served by more than one station? If so, how long has this policy been in place?

ANSWER:

Currently, applications submitted to NTIA for PTFP grants for facilities maintenance are given a priority ranking of either 2 or 4A. Priority 2 is for the urgent replacement of basic equipment at public broadcasting stations that provide either the only public broadcasting signal or the only locally originated public broadcasting signal to a geographic area. Priority 4A is for the urgent replacement of basic equipment at public broadcasting stations that do not provide either the only public broadcasting signal or the only locally originated public broadcasting signal to a geographic area. (Public radio and public television coverage are considered separately.)

NTIA's policy is to consider requests for facilities maintenance from any eligible applicant. Within the funds available, however, the agency gives priority to making sure that service from at least one public radio station and one public television station is maintained for each geographic area.

QUESTION:

What is the status of the FY 1994 grant process? Can you tell us anything about the number of applications received for facilities maintenance and the total dollar amount requested by that proposal?

ANSWER:

The deadline for applications for the FY 1994 grant cycle was March 17, 1994. NTIA received 325 applications, and they are currently being reviewed and evaluated. Of the applications submitted, 133 are for facilities maintenance; the total dollar amount requested is $30.8 million.

QUESTION:

In reading your budget justifications, particularly pages 116 and 117, it would seem that there is the need for a considerable increase in PBFP funding. How can you justify this proposed decrease in light of the increasing needs for this program?

ANSWER:

The narrative on pages 116 and 117 does show the continuing need for funding assistance from PTFP for public radio and television stations. The decrease reflects (1) the potential transfer of nonbroadcast and distance learning applications from PTFP to the new Information Infrastructure Grants program and (2) the constraints of the budget. In FY 1993, over $6 million was awarded for grantees providing distance learning activities. Beginning in FY 1995, these grants will be awarded through the Information Infrastructure Grants program. NTIA feels that the Federal government will continue to make a significant contribution to the objectives identified in the budget and will continue to fund the most competitive proposals submitted.

QUESTION:

Does this program require reauthorization for FY 1995? What levels are being considered in the legislation being considered for this program?

ANSWER:

Yes. H.R. 103-325, as passed by the House, reflects $35,000,000 for FY 1995 and 1996. S. 1883, as introduced in the Senate, reflects $42,000,000 for Fiscal Years 1995 and 1996.

QUESTION:

Considering the more than 50 percent decrease in the funding level requested for this program, why does the staffing proposed remain constant at 15 FTE?

ANSWER:

Although there will be fewer dollars to award, NTIA does not anticipate any fewer applications being submitted and they will have to be processed and evaluated as at present. In addition, there will continue to be a requirement to monitor grantees and projects previously funded for the foreseeable future.

NII Grant Staffing

QUESTION:

What is the level of staffing currently on board for the review of the Information Infrastructure Grants? How many additional people do you plan to hire this year?

ANSWER:

Six of the 14 personnel proposed in the FY 1994 budget are currently on-board. In addition, staff from other NTIA program areas with appropriate technical and grants expertise have been detailed to the program during the development phase. All positions will be filled by the end of FY 1994.

QUESTION:

What types of skills will the staff reviewing these grant proposals have? Do the persons reviewing PTFP grants have similar skills?

ANSWER:

The in-house staff that will be conducting the review of the NII grant proposals are all familiar with the Department of Commerce grant process. We have formed a group of professionals that possess the mix of skills and capabilities needed to determine how each of the proposals we will receive fits into the overall NII initiative. Individuals with experience in distance-education, telemedicine applications, network technologies, and information services, have been added to the staff. The in-house staff will be assisted in the review process by a number of outside reviewers representing academia, government and industry.

The staff responsible for the PTFP have similar grant-making and grant-processing skills, as well as comparable skills in the field of distance education.

QUESTION:

Is there a need to bring on board persons skilled in health care, education and other social services programs to review these grant proposals? If so, why is there a need for so many electrical engineers and telecommunications specialists for this program (see page NTIA-25)?

ANSWER:

We have decided that there was a need to bring on-board staff experienced in health-care or telemedicine applications and staff knowledgeable in the various aspects of providing educational opportunities through telecommunications. Identifying the staff skill level required by the program as electrical engineers or telecommunications specialists was indicative of the number of staff required to adequately implement this program. The actual skills of the staff needed to carry out the program in an effective manner are acquired by either permanent employees or contractors as the need for those skills arises.

Spectrum Reallocation

QUESTION:

You are asking for an increase of $656,000 for efforts relating to reallocation -- including a program to establish a "command center". Could you further explain this concept? How will this be of use to the spectrum users? For how long will this "command center" need to operate?

ANSWER:

To assist the Federal users to transition out of bands to be reallocated to the private sector and into other bands, NTIA plans to contract to establish a "command center" of highly-skilled electromagnetic compatibility (EMC) engineers using the latest analytical techniques to make this transition. These experts will assist the spectrum users with data verification and frequency selection through site surveys, contacts with manufacturers, equipment testing, on-the-air monitoring, and EMC analyses. Reestablishment of government services will take place over a 15 year period as stated in the Secretary's Preliminary Spectrum Reallocation Report, and, therefore, the command center will have to function over that period of time.

PEACESAT

QUESTION:

How much of the funding requested for PTFP is expected to be devoted to PEACESAT?

ANSWER:

$700,000.

QUESTION:

Are there any carryover balances for PEACESAT available in FY 1994? Do you anticipate that any funds will be carried over into 1995?

ANSWER:

$142,260 was carried over from FY 1993 into FY 1994. We do not anticipate any carryover into FY 1995.

QUESTION:

What is the status of the development of a long-term plan to continue the operation of PEACESAT?

ANSWER:

In December 1992, NTIA issued a report regarding the development of a long-term plan to continue the operation of PEACESAT. This report was entitled "PEACESAT Communications Satellite Services for the Pacific Islands: Satellite Feasibility Study." In implementing the recommendations of the report, NTIA is negotiating with NOAA for extending PEACESAT's use of the GOES series of satellites to provide more time to search for a long term satellite. NTIA also actively monitors developments of satellite availability in the Pacific region and issued a report on satellite activities in the Pacific in 1993 and in 1994. NTIA is working with PEACESAT to define PEACESAT's long-term service and traffic level requirements and has recently funded experiments of technologies that may be used in the long term solution.

QUESTION:

Considering the overall reduction to the PTFP program, how can you justify providing level funding for PEACESAT within those funds?

ANSWER:

The PEACESAT program is an activity supporting the fixed operating costs of a telecommunications system providing educational, medical, economic development and emergency communication to isolated Pacific island nations. The PTFP grants program in contrast is designed to provide non-recurring funding to establish broadcasting capabilities. Furthermore, the funding needs of the PEACESAT program are independent of the PTFP program.

Request to OMB

QUESTION:

What was your request to OMB for all appropriations accounts, what items did OMB eliminate from your request, and what will be the impact of these requests on NTIA's operations in FY 1995? Please provide details for the record.

ANSWER:

The total request to OMB was $183,957,000: Information Infrastructure Grants, $150,000,000; Salaries and Expenses, $22,203,000; Public Broadcasting Facilities, Planning and Construction, $10,748,000; and Endowment for Children's Educational Television, $1,006,000. For the FY 1995 request to Congress, OMB reduced the amount available for grants in the Information Infrastructure Grants program $50 million.

Administrative Savings/Other S&E Issues

QUESTION:

How is NTIA impacted by the President's executive orders on administrative savings and reductions of Federal positions?

ANSWER:

Executive Orders 12837 and 12839 require NTIA to reduce administrative costs by $247,000 and FTEs by 3.

Status of Authorization

QUESTION:

What is the status of your authorization legislation for FY 1995? Other than the proposals discussed earlier, what significant changes do you anticipate in your authorizing legislation?

ANSWER:

Authorizing legislation for all of NTIA's appropriations passed the House on November 3, 1993. The Senate introduced authorizing legislation for NTIA's appropriations and held a hearing on March 1, 1994. No other significant changes are expected.

Question Submitted by Congressman Moran

QUESTION:

I note that the NII reviewing committee has a good mix of participants including academics, labor, and businessmen. Constituents of mine, however, are concerned because there are no small technology businesses on the Committee.

What plans are there to fill the final 3 slots on the Committee and what specific plans are there to ensure small business representation on the committee?

ANSWER:

The three new members who have been appointed to the Advisory Council on the National Information Infrastructure (NII) are:

Mr. William C. Ferguson
Chairman and Chief Executive Officer
NYNEX Corporation

Mr. Jack Golodner
President
Department for Professional Employees,
AFL-CIO

Mr. Eduardo L. Gomez
President and General Manager
KABQ Radio

Thirty (30) members are authorized by Executive Order 12864, as amended, and currently all positions are filled. Secretary of Commerce Brown has appointed members that reflect a broad cross-section of private and public sectors, including an elementary school, state government, and broadcasting entities, that are affected by, and intimately involved with, the development of the NII. In addition to representing their specific populations, the members will accept public comments at all times and on all topics, and actively seeking input from a broad range of citizens, businesses, communities and other groups.

THURSDAY, APRIL 14, 1994.

PATENT AND TRADEMARK OFFICE

WITNESSES

BRUCE A. LEHMAN, ASSISTANT SECRETARY OF COMMERCE AND COMMISSIONER OF PATENTS AND TRADEMARKS

BRADFORD R. HUTHER, ASSISTANT COMMISSIONER FOR FINANCE AND PLANNING

JAMES R. LYNCH, DIRECTOR, OFFICE OF BUDGET, PATENT AND TRADEMARK OFFICE

MARK E. BROWN, DIRECTOR, OFFICE OF BUDGET

Mr. MOLLOHAN. The hearing will come to order. The first item we will consider this morning is the fiscal year 1995 budget request for the Patent and Trademark Office under the Department of Commerce. You are requesting an operating level of $571,439,000, an increase of $67,418,000 above the current operating level for fiscal year 1994.

The President's budget assumes that all user fees, including those currently collected and credited to the Fee Surcharge Fund, be credited directly to PTO. However, the Congressional Budget Office has indicated that this subcommittee would be scored under the proposed language for the loss of receipts to the Treasury.

We will insert the justifications submitted in support of this request into the record at this point.

[The justifications follow:]

Exhibit 1

DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE
Budget Estimates, Fiscal Year 1995
President's Submission

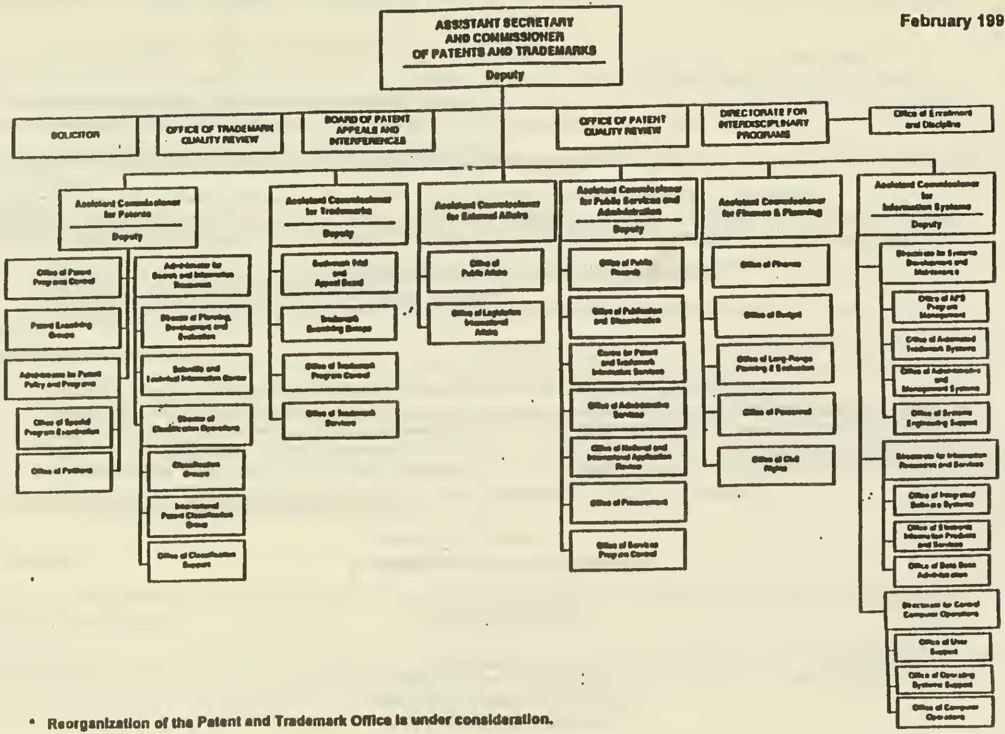
TABLE OF CONTENTS

Exhibit Number	Exhibit	Page Number
2	Organization Chart	PTO - 1
3	General Statement	PTO - 2
5	Summary of Resource Requirements	PTO - 19
7	Summary of Financing	PTO - 23
8	Adjustments to Base	PTO - 24
9	Justification of Adjustments to Base	PTO - 25
10,12-15	Patent Process	PTO - 33
10,12-15	Trademark Process	PTO - 55
10,12-15	Information Dissemination	PTO - 73
10,12-15	Executive Direction and Administration	PTO - 99
10,12-13	Offsetting Fee Collections	PTO - 133
16	Summary of Requirements by Object Class	PTO - 139
17	Detailed Requirements by Object Class	PTO - 141
32	Justification of Proposed Language Changes	PTO - 146
33	Appropriation Language and Code Citations	PTO - 147
34	Consulting and Related Services	PTO - 149
35	Periodicals, Pamphlets, and Audiovisual Products	PTO - 150
36	Average Grade and Salaries	PTO - 151

Exhibit 2 to DOO 30-3

February 1994

U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE


ASSISTANT SECRETARY AND COMMISSIONER OF PATENTS AND TRADEMARKS
Deputy
SOLICITOR
OFFICE OF TRADEMARK QUALITY REVIEW
BOARD OF PATENT APPEALS AND INTERFERENCES
OFFICE OF PATENT QUALITY REVIEW
DIRECTORATE FOR INTERDISCIPLINARY PROGRAMS
Office of Enrollment and Discipline
Assistant Commissioner for Patents
Deputy
Office of Patent Program Control
Patent Examining Groups
Administrator for Patent Policy and Programs
Office of Special Program Examination
Office of Petitions
Administrator for Search and Information Resources
Director of Planning, Development and Evaluation
Scientific and Technical Information Center
Director of Classification Operations
Classification Groups
International Patent Classification Group
Office of Classification Support
Assistant Commissioner for Trademarks
Deputy
Trademark Trial and Appeal Board
Trademark Examining Groups
Office of Trademark Program Control
Office of Trademark Services
Assistant Commissioner for External Affairs
Office of Public Affairs
Office of Legislative International Affairs
Assistant Commissioner for Public Services and Administration
Deputy
Office of Public Records
Office of Publication and Dissemination
Center for Patent and Trademark Information Services
Office of Administrative Services
Office of National and International Application Review
Office of Procurement
Office of Services Program Control
Assistant Commissioner for Finance & Planning
Office of Finance
Office of Budget
Office of Long-Range Planning & Evaluation
Office of Personnel
Office of Civil Rights
Assistant Commissioner for Information Systems
Deputy
Directorate for Systems Development and Maintenance
Office of APS Program Management
Office of Automated Trademark Systems
Office of Administrative and Management Systems
Office of Systems Engineering Support
Directorate for Information Resources and Services
Office of Integrated Software Systems
Office of Electronic Information Products and Services
Office of Data Base Administration
Directorate for Central Computer Operations
Office of User Support
Office of Operating Systems Support
Office of Computer Operations

- Reorganization of the Patent and Trademark Office is under consideration.

Exhibit 3

DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE
Budget Estimates, Fiscal Year 1995
President's Submission

Executive Summary
POLICY ANALYSIS

1. Mission Statement and Strategic Vision

The mission of the Patent and Trademark Office (PTO) is:

- To administer the laws relating to patents and trademarks in order to promote industrial and technological progress in the United States and strengthen the national economy;
- To develop, and advise the Secretary and the Administration on, intellectual property policy, including copyright matters; and,
- In cooperation with the International Trade Administration, to advise the Secretary and other agencies of the U.S. Government, such as the United States Trade Representative, on the trade-related aspects of intellectual property.

This mission is accomplished by:

- Examining patent and trademark applications, issuing patents, and registering trademarks.
- Disseminating patent and trademark information to the public.
- Encouraging a domestic and international climate in which intellectual property can flourish.

The central focus of the Administration is to promote the growth of the national economy. The Department has defined its mission in support of the Administration's goals for the national economy. The programs of the PTO are similarly focused to the Department's mission to ensure and enhance long-term economic opportunity and a rising standard of living for all Americans.

The PTO programs directly promote two areas of focus of the Department's mission, i.e., to:

- Open and expand foreign markets and increase United States exports; and,
- Enhance technological development and commercialization.

The PTO promotes the above Department missions through the patent and trademark examination processes, as reflected in the Department-wide Civilian Technology Initiatives, which result in:

- Issuing high quality and timely patents to insure protection of innovation;
- Promoting commercialization of innovation both in the United States and abroad as a result of granting valid patents;
- Disseminating patent and trademark information to the public by assuring access to electronic and paper sources, thereby stimulating innovation;
- Registering timely and high quality trademarks to insure Federal protection of words, symbols and devices used by businesses to identify and distinguish goods and services offered to the public; and,
- Promoting commercialization of the products and services both in the United States and abroad as a result of the granting of valid federal trademarks.

The programs of the PTO are conducted under the following principle legislative authorities:

- 15 U.S.C. 1051-1127 contains provisions of the Trademark Act of 1946 that govern the administration of the trademark registration system of the Patent and Trademark Office;
- 15 U.S.C. 1511 states that the Patent and Trademark Office is under the jurisdiction and supervision of the Department of Commerce;
- 35 U.S.C. 1-4, 6-42, 141-145 contain basic authorities for administration of patent laws, derived from the Act of July 19, 1952, and subsequent enactments. Revenues from fees are available to the Commissioner to carry out, to the extent provided for in appropriations acts, the activities of the Office;
- 35 U.S.C. 376 authorizes the Patent and Trademark Office to charge international fees for activities undertaken pursuant to the Patent Cooperation Treaty;
- 44 U.S.C. 1337-1338 contains authority to print patents, trademarks, and other matters relating to the business of the Office; and,
- 35 U.S.C. 41(i)(2) provides for deployment of automated search systems of the Office to the public.

2. Budget at a Glance

A. Budget Highlights:

Obligation Level: The FY 1995 budget request proposes an increase in funds of $67,418,000 from $504,021,000 in the FY 1994 enacted budget to $571,439,000.

Source of 1995 Funds: All funds in FY 1995 are provided by fees from the sale of PTO products and services. It is proposed that, in FY 1995, all fees collected by the PTO be treated as offsetting collections. To effect this change, revised appropriation language has been formulated and transmitted by the Administration in the President's Budget Request.

Employment Levels: Staff years, or Full Time Equivalent (FTE) positions, will increase by 25, from 5,050 in FY 1994 to 5,075. This increase in PTO employment levels is necessitated by anticipated growth in incoming workloads, primarily patent and trademark applications.

B. Summary of Proposed Budget Increases/Decreases:

Following is a comparison of the FY 1994 enacted budget and the FY 1995 President's budget request as well as data on current employment for the programs of the Patent and Trademark Office (dollars in thousands).

	1994 Enacted			1995 Estimate			Increase/ Decrease		
	Perm. Pos.	FTE	Amount	Perm. Pos.	FTE	Amount	Perm. Pos.	FTE	Amount
Salaries and Expenses	5,314	5,050	$504,021	5,385	5,075	$571,439	71	25	$67,418
Less Offsetting Fee Collections			(415,692)			(571,439)			(155,747)
Appropriation Requested	5,314	5,050	$88,329	5,385	5,075	0	71	25	($88,329)
Direct			0			0			0
Special Fund			$88,329			0			($88,329)
Offsetting Receipts			$103,000			0			($103,000)

In FY 1995 through FY 1998, the PTO has proposed appropriation language that credits to the agency all patent fee surcharges collected pursuant to sections 10101(a) and (c) of the Omnibus Budget Reconciliation Act of 1990. Thus, the PTO will not request appropriations from the Special Fund (the Fee Surcharge Fund) as has been the practice from FY 1991 through FY 1994.

C. 1995 Initiatives:

The proposed FY 1995 changes to the FY 1994 enacted budget, by budget activity, are (dollars in thousands):

Activity	Description	Permanent Positions	Direct Obligations	Outlays	Page No.
1994 Base	Enacted 1994 Budget	5,314	$504,021	0	PTO-19
Adjustment To Base	Annualization of 1994 Increases	63	2,976	0	PTO-24
	Inflationary Adjustments	7	16,461		PTO-24
	FTE Realignment	-132	0	0	PTO-24
	Transfer to DOC OHRM for the Working Capital Fund	-1	0	0	PTO-24
	Space Lease Savings	0	-341	0	PTO-24
	Restoration of 1994 Reductions	0	14,671	0	PTO-24
	Subtotal	-63	33,767	0	
Patent Process	Patent Pendency and Quality	65	2,883	0	PTO-41, 47
	Patent Automation - APS and PAM	0	15,205	0	PTO-41
	Patent Quality Review	11	1,220	0	PTO-51
	Subtotal	76	19,308	0	
Trademark Process	Trademark Pendency and Quality	30	1,236	0	PTO-63, 67
	Trademark Automation	0	-7	0	PTO-63
	Trademark Printing	0	93	0	PTO-71
	Subtotal	30	1,324	0	
Information Dissemination	Application Services	24	1,569	0	PTO-81
	Workload and Search Room Services	-7	-278	0	PTO-85
	Publication Services	4	-536	0	PTO-89
	Classification and Search Services	7	2,397	0	PTO-93
	Information Dissemination Automation	0	8,164	0	PTO-93
	Subtotal	28	11,316	0	

Activity	Description		Permanent Positions	Direct Obligations	Outlays	Page No.
Executive Direction and Administration	Management and Planning		0	-4	0	PTO-107
	EXAD Automation - Management and Administrative Systems		0	1,019	0	PTO-109
	Space Acquisition and Management		0	688	0	PTO-111
		Subtotal	0	1,703	0	
	Total Changes		71	67,418	0	
1995 Request	Total Requirements		5,385	$571,439	0	
	Offsetting Fee Collections			$571,439		
	Appropriation Requested			0		

The proposed FY 1995 changes to the FY 1994 appropriation by major category are (dollars in thousands):

Category	Description	Permanent Positions	Amount ($000's)
Inflation/Adjustments:	Annualization of 1994 Increases	63	2,976
	Inflationary Adjustments	7	16,461
	FTE Realignment	-132	0
	Transfer to DOC OHRM for the Working Capital Fund	-1	0
	Space Lease Savings	0	-341
	Restoration of 1994 Reductions	0	14,671
	Subtotal Inflation/Adjustments	-63	33,767

Category	Description	Permanent Positions	Amount ($000's)
Workload:	Application Services	24	1,569
	Workload and Search Room Services	-7	-278
	Publication Services	4	-536
	Patent Pendency and Quality	65	2,883
	Trademark Pendency and Quality	30	1,238
	Trademark Printing	0	93
	Subtotal Workload Increases	118	4,969
Automation:	Patent Automation - APS and PAM	0	15,205
	Trademark Automation	0	-7
	Information Dissemination Automation	0	8,164
	EXAD Automation - Management and Administrative Systems	0	1,019
	Subtotal Automation	0	24,381
Priorities:	Patent Quality Review	11	1,220
	Classification and Search Services	7	1,743
	Search Tools	0	654
	Subtotal Priorities	18	3,817
Other:	Management and Planning	0	-4
	Space Acquisition and Management	0	688
	Subtotal Other	0	684
1995 Request	Total Changes to 1994 Appropriation	71	$67,418

The PTO proposes the following initiatives in FY 1995, grouped into three generic categories (workload, quality enhancements, and automation):

Workload

Pre-examination Services: Increased funds will address the anticipated growth in filings of applications and support the administrative examination of application receipts before formal examination. These funds are necessary to balance the patent and trademark application processing pipeline.

Increased funds also are requested to process the growth in international applications filed under the Patent Cooperation Treaty (PCT). PCT filings are growing at a faster rate than national patent filings and reflect an increase in the number of signatory authorities to the Treaty worldwide.

Patent Examination: Additional funds are requested for Patent Examination to address the increase in patent applications above FY 1994 levels and to maintain patent pendency levels. Funds will address both patent examiner and clerical/administrative requirements. Funding levels in FY 1995 are determined by a zero base analysis of patent examination requirements. These requirements include hires, attritions, promotions, grade and pay structures, overtime and incentive awards, production rates by grade, and non-compensation costs incurred for a labor intensive organization.

Trademark Examination: The funding increase proposed for Trademark Examination in FY 1995 maintains trademark pendency reduction efforts given increasing workloads. An increase is also requested for the Trademark Trial and Appeal Board to meet increasing workloads. The number of appeals cases to be disposed must increase in order to maintain pendency goals.

Post-Examination: Increased funds are requested in Publication Services for processing a higher number of certificates of correction. A reduction in funds is requested in the copy sales contract funding to realign resources with anticipated workloads. Higher production in the trademark examination areas result in a greater number of certificates of registration and cases published for opposition.

Workload and Search Room Services: The PTO provides ancillary patent and trademark services to its users including certified copies of patent and trademark documents, recordation of assignments or titles of ownership, and operation of its public search rooms and libraries. Increased workloads in these areas will be addressed through the provision of greater resources in FY 1995, while realizing savings with the implementation of assignment automation.

Space Acquisition and Management: The Office will acquire additional space in the Crystal City complex to house its operations.

Quality Enhancements

Patent Examination: Aside from workload increases for production enhancements, new and continued initiatives for quality enhancements are also represented. The PTO will continue to restructure the Patent Examining Corps in FY 1995, as well as employing quality action teams to facilitate quality improvements. The PTO is proposing an expansion of the Examiner Education Program to allow more examiners to visit private industry to obtain valuable insight into the critical understanding of the context in which technological developments are taking place. Funds for the continuation of the Law School Tuition Assistance Program are also requested.

Patent Quality Review: Provide additional resources for the implementation of an expanded Patent Quality Review program that enhance patent examination processes and has as its ultimate goal the issuance of strong, high quality patents.

Classification and Search Services: Foreign and national patents are classified by type of art or technology and are referenced by patent examiners in the examination search. To maintain a workable and accurate process, the patent classification system must continually be evaluated and reclassified to assure that the patent examiners have at their disposal the necessary patents and literature required for a complete search. In FY 1995, funds are requested for the continuation of this process due to the growth in national and foreign patents.

The introduction of a new initiative for the Classification Data System (CDS 2.0) is requested. This initiative will rely on contractor support to lead the PTO in the market analysis of new search systems technologies to aid in the classification system and patent examination process. This initiative will provide the requirements for the automation of the classification system under APS.

The use of search tools, such as commercial data bases, is being expanded to provide for more on-line search time for the biotechnology and computer-related disciplines as prior-art searches in these two arts must rely on an ever increasing use of non-patent literature retrieval.

Contractor funds for expanded and enhanced file integrity and file inventory are also sought. Inventorying 5.5 million documents each year in FY 1995 and FY 1996 will, in association with reclassification and file integrity efforts, result in full review and comparison of the patent examiner's search file and the Master Classification File (MCF) by FY 1996. This is essential to the PTO because the MCF is the primary and basic search tool of the Automated Patent System and its integrity will result in better quality searches for both the patent examiners and for the public.

Automation

Patent Automation: Funds are required to continue development efforts for the deployment of Classified Search and Image Retrieval capabilities among patent examiners; for the loading of foreign patent images; and for the deployment of the Patent Application Management system.

Information Dissemination Automation: Funds are requested to develop connectivity to the High Speed Computing and Communications Technology (HSCCT) and, once operational, make information available on a fee basis.

Automation: Funds are needed for contractor services to enhance support for PTO users of hardware, software, and network services.

4. Cross-cutting Relationships

The PTO has set its Goals and Objectives for FY 1995 in the context of the Department's Mission Statement and Strategic Vision. A Summary of these Goals and Objectives and their relationship to the Department's Mission Statement and Strategic Vision as well as to the Department's Civilian Technology Initiatives follows:

Maintain Pendency Times

- Achieve an average time of patent pendency to issuance/abandonment of 18.9 months in FY 1995.

- Reduce biotechnology patent pendency to issuance/abandonment to 18.9 months in FY 1995. Reduce patent pendency in the computer-related technologies to 24.9 months in FY 1995. An average patent pendency time of 18 months should be achieved in the field of computer-related technology by FY 1998.

  Through the patent examination process, the PTO is the first to receive technical information on the latest technologies. Dissemination of this technology, through automated means, supports the Secretarial initiative on Customer Service and Information Flow. *Further, Federal protection of patent rights promotes innovation which, in turn, can lead to marketing of the innovation which is supportive of the Secretarial initiatives on* Trade in High Technology Services *and* TPCC and Export Promotion.

- Achieve an average time of trademark first action pendency to three months in FY 1994 and in FY 1995. Achieve an average time of trademark pendency to registration/abandonment of 13.8 months in FY 1994 and in FY 1995.

  With Federal protection afforded to trademarks, and through promotion of intellectual property rights abroad, trademark owners can promote commercialization of their products. The trademark processes of the PTO contribute to the Secretarial initiatives of TPCC and Export Promotion *and* Export Opportunities and Particular Markets.

Enhance Quality Through Workload and Process Management

- The Classified Search and Image Retrieval (CSIR) capabilities of the Automated Patent System (APS) were deployed to Groups 120 and 230 and to the public in FY 1993. CSIR will be gradually deployed to all patent examiners in a desktop personal computer mode.

- Begin development of the Patent Application Management (PAM) system in 1993 by completing a system requirements analysis. Secure a systems integration contractor in late 1994. Deploy PAM for acceptance of electronic applications by 1996, and electronic publication of issued patents by 1998 - 1999. Implement a Business Process Re-engineering effort, in anticipation of the deployment of the PAM system, to develop requirements for the processing of applications in a totally automated environment. The results of this effort are expected to be a total redesign of the administrative examination processes which will result in enhanced efficiency and quality.

- Implement a redesigned Patent Quality Review Program by focusing on the quality of office actions. This initiative responds to public and General Accounting Office concerns on the quality of examiner actions on patent applications. This continuous quality improvement program will be used to focus on areas for improvement in the preparation of office actions.

- Make additional resources available for processing international patent applications received under the Patent Cooperation Treaty (PCT), and examine, propose, and implement alternative methods to address growing PCT workloads.

- Enhance computer-related patent examination by providing specialized search tools to computer-related examiners, and also to evaluate the hiring of new examiners with computer science backgrounds to bring their specialized experience to this fast-growing and technologically complex area of patent examining.

- Continue to expand classification of U.S. and international patents and provide enhanced search tools to patent examiners to enhance the quality of issued patents.

- Update the Master Classification File (MCF), which is the foundation of the Classified Search and Information Retrieval module of the Automated Patent System (APS), through a classification inventory of all patents. There is a twofold benefit to this exercise: (1) APS search systems will benefit by a comprehensive MCF; and (2) the integrity of existing paper files, still used by examining groups and the public, will be upgraded.

- Continue the deployment of automated work tools to the patent and trademark examination processes.

Enhance Quality Through Human Resources Management

- Recruit, hire and train 430 patent examiners and seven trademark attorneys in FY 1995.

- Enhance opportunities for patent examiner growth through expansion of the Examiner Education Program, whereby patent examiners observe the development and implementation of the newest technologies in facilities throughout the United States, and continuation of the Law School Tuition Assistance Program which provides assistance to examiners desiring legal education affecting patent examination.

- Continue to enhance biotechnology patent examination by hiring highly qualified examiners at special salary rates and providing effective search tools.
- Operate the Quality Skills Center (QSC) to enhance staff capability and competitiveness for changing skills requirements.
- Enhance staff capability and competitiveness for changing skill requirements through increased academic tuition assistance and planned developmental opportunities.
- Selectively implement authorities under the Federal Employees Pay Comparability Act (FEPCA) to improve the competitiveness of the PTO in the job market, especially in attracting highly qualified candidates with prior job experience and advanced degrees.
- Implement more efficient recruitment methods, especially for highly competitive job occupations. Target patent examiner recruitment efforts to economically depressed areas.
- Continue to offer performance incentives to all employees to motivate them to perform at or above established quality and production standards.

Promote Effective Access to PTO Resources

- Address social, economic, educational, and cultural diversity among PTO employees through innovative recruitment, staffing, career development, performance/labor management relations, community service and quality of work life strategic initiatives.
- Continue to focus on valuing diversity through alternative methods of training which address the social, economic, educational and cultural diversity among PTO employees.
- Continue to pursue cooperative, partnership relationships with our employees and their representatives.
- Provide APS-CSIR capability to customers in the public search facilities, which began in FY 1993.
- Disseminate searchable and retrievable electronic patent and trademark information, including the use of CD-ROM and other means of dissemination technologies, to PTO's public and in-house users.
- Establish and fund an initiative whereby the PTO will develop connectivity to the High Speed Computing and Communications Technology (HSCCT), and make available, on a fee basis, PTO's technology information and search services to the commercial, academic, governmental and other research communities which also have HSCCT connectivity.

The PTO will coordinate its efforts in this initiative with other elements of the Department as part of the Secretarial initiative on creating a National Information Infrastructure.

- Continue to work with the European and Japanese Patent Offices in creating new search tools, such as a first page data base containing English-language translations, bibliographic and drawing information of the most recent European, Japanese, and U.S. patents.

- Continue to provide support to Patent and Trademark Depository Libraries (PTDLs).

All of the objectives above promote the dissemination of patent and trademark information, through automated and other means, not only within the PTO but also to the public. These dissemination opportunities support the Secretarial initiative on Customer Service and Information Flow.

Strengthen Intellectual Property Protection

- Continue to assist the International Trade Administration (ITA) and the United States Trade Representative (USTR) in obtaining an acceptable agreement on Trade-Related Aspects of Intellectual Property (TRIPs).

- Continue to assist the USTR in executing its responsibilities under Special 301.

- Continue bilateral, multilateral, and international negotiations on protection of intellectual property rights abroad.

- Continue efforts to implement U.S. legislation that promotes intellectual property protection.

The promotion abroad of intellectual property rights that protect the owner of a U.S. patent or trademark will encourage entry in foreign markets and will promote export opportunities for U.S. business. The above objectives support Secretarial initiatives addressing Trade in High Technology Areas, Trade in Products and Services that Assist Pro-Environmental Policies, Trade Policy Coordinating Committee and Export Promotion, *and* Export Opportunities and Particular Markets.

Promote a Favorable Work Environment

- Promote the goals of the National Performance Review of the Administration through implementation of recommendations on improving the operations of the PTO.

- Acquire additional space in FY 1995 to accommodate expanded operations, for handling enhanced automation systems and for relocation of restructured patent examining groups.

- Continue coordinating with the Administration and the Congress on the long term space needs of the Office.

- Secure, and respond to, customer feedback on PTO activities, products and services.
- Continue to promote labor-management partnership through the PTO Partnership Council to increase workplace harmony, effectiveness and customer satisfaction.

Management Initiatives

- In FY 1995 propose alternatives to expansion of Federal employment including greater use of overtime, use of contractor staff, application of automated technologies to improve operations, and restrictions on any growth of administrative (non-production) personnel.
- Continue enhancements to the PTO's financial management system so that it will be more responsive to management and customer needs for timely financial information.
- Enhance access to management information.
- Continue a diversified portfolio of bilateral and trilateral projects with the European and Japanese Patent Offices.
- Continue enhancements to the Annual Financial Report developed in fiscal years 1993 and 1994 under the auspices of the Chief Financial Officer's Act (CFO) of 1990. This report provides vital financial information and a broader view of the agency's mission to internal and external users.
- In FY 1995 continue to stress and incorporate the significance of outcome performance measures and the interrelationship of agency mission, strategic planning, program performance goals, and key performance indicators as required under the Government's Performance and Results Act (GPRA) of 1993.

5. Expected Benefits for the Nation

Performance:

The PTO provides a multitude of services that encompass providing a legal forum for disputes regarding the patentability and registrability of patent and trademark applications; participating in relevant national and international intellectual property negotiations; and disseminating patent and trademark information via paper, microfiche, CD-ROM, and electronic media. In addition, the PTO also directs resources to activities designed to improve the timeliness and quality of the issued patents such as automation of operations, classification of patents, providing examiners with enhanced search tools, etc. The PTO captures numerous detailed performance measures for many of these activities (which are reported in the performance measure section for each budget line item). However, the primary mission of the PTO, which is to promote industrial and technological progress, and commercialization in the United States, is accomplished through two main PTO activities, patent examination and trademark examination. All other activities are subsidiary to, and support, these two main activities.

PATENT EXAMINATION:

The patent examination programs encompass the entire Patent Process budget activity, with the inclusion of those portions of the Information Dissemination and Executive Direction and Administration budget activities that support patent examination. The performance measures which most succinctly represent the important phases of the patent processing pipeline, the pre-examination, examination, and post-examination functions, are as follows:

Patent applications received -

- Determine the workload levels for the various activities in the patent application pre-examination functions. As a result, this workload directly impacts on the workload and resource requirements for many activities that are involved in the pre-examination phase of the patent process. These functions range from activities such as the processing of applications and related mail received in the mailroom, fee processing activities, classification of applications, changes in assignment of ownership, and microfilming of applications. Patent applications received also indirectly affect activities such as personnel (recruitment and training), procurement, and other administrative areas that provide support to the patent examination programs.
- In recent years, patent applications received have increased at approximately four percent annually. The PTO is assuming that future growth will continue near these historical rates.

Patent application disposals -

- Represent either an abandonment or the allowance of the application. Pendency goals for the patent examination process dictate that a certain level of applications must be disposed within strict time frames. The number of disposals required to meet pendency goals in turn determines the level of staffing and resources needed within the examination programs.
- Disposal estimates are based on a patent production model, which takes into account the production capability of examiners at various experience levels. The disposal estimates and resources requested are consistent with the estimated composition of the patent corps based on attrition, hiring and promotion, overtime and incentive award assumptions in the current patent model.

Patent grants printed -

- This workload directly impacts on the resources and staffing needed to prepare notices in the Official Gazette and issue actual patent certificates, and numerous post-examination functions. These functions include many Information Dissemination activities such as renewal of patents, and dissemination of patent information, including patent copy sales, certified patent copies, and changes in assignment of patent ownership.
- Only those patent applications that were allowed can mature into patent grants. The estimates for patent grants issued are consistent with historical rates for the number of allowances that mature into patent grants.

Patent pendency -

- Due to the time frames imposed by the PTO's pendency goals, the PTO must have the flexibility to rapidly respond to increases in examination workloads. This impacts on the PTO's staffing and resources needs, because if sufficient resources cannot be provided to any part of the examination pipeline, the resulting backlogs in one area alone can impact on the pendency goals for the entire process.
- Patent pendency to issue or abandonment is the average amount of the time it takes from when an application is received at the PTO, to when it either abandons or matures into a patent grant.

Key Performance Measures:	FY 1992 Actual	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Patent applications received (utility, plant, reissue)	172,539	174,553	179,000	185,000
Examiner disposals	162,570	165,260	171,700	164,000
Patent grants printed (utility, plant, reissue)	100,116	97,386	102,000	102,200
Patent pendency	19.1	19.5	19.6	18.9
Obligations (in $000s)	$378,652	$425,492	$481,184	$515,039

TRADEMARK EXAMINATION:

The trademark examination programs include the Trademark Process budget activity which, unlike the patent examination function, includes many of the trademark pre-examination and post-examination functions. Those functions of the Information Dissemination and Executive Direction and Administration budget activities that provide support to the trademark examination programs and services to trademark users include processing of incoming applications and correspondence, recordation and validation of fees paid by users, general housekeeping services, leasing of space, and management direction. The performance measures which best represent the different phases of the trademark processing pipeline, i.e., the pre-examination, examination, and post-examination functions, are as follows:

Trademark applications received -

- Determines the workload levels for the various activities in the trademark application pre-examination functions, where applications are screened and entered into the Trademark Reporting and Monitoring (TRAM) system database. This workload also impacts on the Information Dissemination workload and resource requirements for many activities such as the processing of applications and related mail received in the mailroom, fee processing activities, changes in assignment of ownership, and microfilm processing of trademark applications. Also indirectly affect activities such as personnel (recruitment and training), procurement, and other administrative areas that provide support to the trademark examination activity.
- Prior to Intent-to-Use, trademark applications received have increased at approximately six percent annually. The PTO is assuming that future growth will continue at this six percent rate.

Trademark application disposals -

- Represent either an abandonment or a registration. Pendency goals for the trademark examination programs dictate that a certain level of disposals must be achieved within strict time frames. The number of disposals required to meet pendency goals in turn determines the level of staffing and resources needed within the examination programs.
- Disposal estimates are based on a trademark production model, which takes into account the production capability of examiners. The disposal estimates and resources requested are consistent with the assumptions in the current trademark model.

Trademark registrations issued -

- This workload directly impacts on the resources and staffing needed to review allowed applications for publication in the Official Gazette, review applications prior to issue of trademark certificates, and numerous post-examination functions. These functions include renewal of trademark registrations, and processing of affidavits of continued use (section 8 affidavits) and affidavits establishing incontestability of the right to use a mark (section 15 affidavits), along with many Information Dissemination activities such as dissemination of trademark information, including trademark copy sales, certified trademark copies, and changes in assignment of trademark ownership.
- Only those trademark applications that are approved for publication for opposition, and which successfully complete the opposition period and demonstrate use in commerce, can mature into trademark registrations. The estimates for trademark registrations issued, based on the number of allowances that mature into trademark registrations, are consistent with historical rates for use applications, and current rates for intent-to-use applications.

Trademark pendency -

- Due to the time frames imposed by the PTO's pendency goals, i.e., three months to issuance of a first action notice and 13 months to registration, the PTO must have the flexibility to respond rapidly to increases in examination workloads. This impacts on the PTO's staffing and resource needs because if sufficient resources cannot be provided to any part of those line items that are integral parts of the trademark examination program, the resulting backlogs in one area alone can impact on the pendency goals for the entire process.
- Trademark pendency to first action is the average time it takes from the date an application is received at the PTO to when an examiner's first action on the registrability of the application is mailed.
- Trademark pendency to abandonment/registration/Notice of Allowance (NOA) is the average of the time it takes from when an application is received at the PTO to when it either is abandoned, matures into a trademark registration (for use applications), or receives a Notice of Allowance (for intent-to-use applications).

Key Performance Measures:	FY 1992 Actual	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Trademark applications received *	125,237	139,735	148,000	157,000
First Examination disposals *	137,375	113,682	140,800	145,300
Trademark registrations issued *	69,691	86,122	90,300	95,800
Trademark pendency to first action	3.1	4.0	3.0	3.0
Trademark pendency to abandonment/registration/NOA	15.1	14.4	13.8	13.8
Obligations (in $000s)	$43,739	$45,495	$54,219	$56,400

* - includes extra classes

Exhibit 5

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Appropriation Currently Available for 1994:	Full-Time Permanent Positions	FTE	Budget Authority	Direct Obligations
Amount Available for FY 1994 as shown in 1995 President's Budget	5,314	5,050	$88,329	$535,603
Less: Obligations Financed from 1993 Unobligated Balances	. . .	. . .	0	31,382
Less: Federal Reimbursements	. . .	. . .	0	200
Appropriation Enacted for FY 1994	5,314	5,050	88,329	504,021
Change in Appropriation Language	. . .	. . .	(88,329)	0
1995 Adjustments to Base	(63)	(63)	0	33,767
1995 Base	5,251	4,987	0	537,788
1995 Program changes	211	185	0	37,847
1995 Administrative Savings	0	0	0	(286)
1995 FTE Reduction	(77)	(77)	0	(3,910)
1995 Estimate	5,385	5,075	0	$571,439

Exhibit 6

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SUMMARY OF REQUIREMENTS
COMPARISON BY ACTIVITY
(Dollar amounts in thousands)

	Comparison by Activity:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase / (Decrease) From 1995 Base	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
PTO-33	Patent Process:											
	Examination-Professional	Pos./BA	2,246	$225,799	2,380	$239,868	2,348	$254,030	2,418	$270,457	70	$16,427
		FTE/Obl	2,117	217,359	2,185	248,308	2,212		2,254		42	
	Examination-Clerical	Pos./BA	765	30,913	670	30,503	670	32,616	665	34,277	(5)	1,661
		FTE/Obl	651	30,394	644	31,022	636		631		(5)	
	Appeals and Interferences	Pos./BA	84	7,413	80	7,149	85	7,852	85	7,852	0	0
		FTE/Obl	83	7,241	81	7,321	84		84		0	
	Patent Printing	Pos./BA	0	28,374	0	30,681	0	31,461	0	31,461	0	0
		FTE/Obl	0	27,973	0	31,082	0		0		0	
	Patent Quality Review	Pos./BA	21	1,996	21	1,915	21	2,063	32	3,283	11	1,220
		FTE/Obl	21	1,936	21	1,975	21		31		10	
	Subtotal	Pos./BA	3,118	294,495	3,151	310,116	3,124	328,022	3,200	347,330	76	19,308
		FTE/Obl	2,872	284,903	2,931	319,708	2,953		3,000		47	
PTO-55	Trademark Process:											
	Examination of Trademarks	Pos./BA	424	33,119	453	32,021	439	33,588	462	34,529	23	941
		FTE/Obl	391	28,199	442	36,941	428		444		18	
	Trial and Appeal Board	Pos./BA	48	3,023	48	2,809	46	2,989	55	3,279	7	290
		FTE/Obl	43	2,647	47	3,185	46		53		5	
	Trademark Printing	Pos./BA	0	1,705	0	1,653	0	1,700	0	1,793	0	93
		FTE/Obl	0	1,364	0	1,994	0		0		0	
	Trademark Quality Review	Pos./BA	5	458	5	396	5	461	5	461	0	0
		FTE/Obl	5	423	5	431	5		5		0	
	Subtotal	Pos./BA	477	38,305	506	36,879	492	38,738	522	40,062	30	1,324
		FTE/Obl	439	32,633	494	42,551	481		502		21	
PTO-73	Information Dissemination:											
	Application Services	Pos./BA	450	19,865	438	17,248	435	19,016	459	20,585	24	1,569
		FTE/Obl	402	16,239	421	18,874	396		414		18	
	Customer Services	Pos./BA	219	15,938	216	12,897	218	14,879	209	14,601	(7)	(278)
		FTE/Obl	209	15,231	215	13,604	203		198		(5)	
	Publication and Dissemination Services	Pos./BA	136	8,623	138	8,152	136	9,545	140	9,009	4	(536)
		FTE/Obl	128	8,494	133	8,281	130		133		3	
	Data and Document Retrieval Systems	Pos./BA	355	33,299	350	34,089	342	37,172	349	47,733	7	10,561
		FTE/Obl	358	32,564	344	34,824	337		341		4	
	Subtotal	Pos./BA	1,160	77,725	1,142	72,386	1,129	80,612	1,157	91,928	28	11,316
		FTE/Obl	1,097	74,528	1,113	75,583	1,066		1,066		20	

Exhibit 6

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SUMMARY OF REQUIREMENTS
COMPARISON BY ACTIVITY
(Dollar amounts in thousands)

	Comparison by Activity:		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase / (Decrease) From 1995 Base	
			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
PTO-99	Executive Direction and Administration:											
	Commissioner	Pos./BA	10	762	15	815	14	1,069	14	1,069	0	0
		FTE/Obl	7	567	15	1,010	14		14		0	
	Solicitor	Pos./BA	32	2,602	30	2,562	31	3,021	31	3,021	0	0
		FTE/Obl	30	2,520	30	2,644	29		29		0	
	Legislation & International Affairs	Pos./BA	27	1,905	34	1,718	28	2,283	28	2,283	0	0
		FTE/Obl	20	1,788	30	1,855	21		21		0	
	Management Planning	Pos./BA	163	11,376	166	11,130	163	12,588	163	12,584	0	(4)
		FTE/Obl	159	10,859	163	11,647	180		160		0	
	Administrative Services	Pos./BA	67	3,894	65	3,736	64	4,394	64	4,394	0	0
		FTE/Obl	67	3,655	71	3,975	67		67		0	
	Automation	Pos./BA	231	21,624	202	20,763	202	22,125	202	23,144	0	1,019
		FTE/Obl	195	21,079	199	21,328	192		192		0	
	Space Acquisition and Management	Pos./BA	6	49,681	3	43,896	4	44,936	4	45,624	0	688
		FTE/Obl	4	36,475	4	55,102	4		4		0	
	Subtotal	Pos./BA	536	91,844	515	84,640	506	90,416	506	92,119	0	1,703
		FTE/Obl	482	78,923	512	97,561	487		487		0	
	Total Direct Obligations	Pos./BA	5,291	502,369	5,314	504,021	5,251	537,788	5,385	571,439	134	33,651
		FTE/Obl	4,890	470,987	5,050	535,403	4,987		5,075		88	
PTO-133	Less: Financing from Offsetting Fees	BA		399,554		415,692		537,788		571,439		33,651
		Obl.		384,315		415,692						
	Less: Prior Year Unobligated Balance	BA		13,522		0		0		0		0
		Obl.		0		31,382						
	Less: Recoveries of Prior Year Obligations	BA		2,621		0		0		0		0
		Obl.		0		0						
	Financing from Appropriated Funds	BA		66,672		88,329		0		0		0
		Obl.		88,672		88,329						
	Less: Appropriation from Special Fund for Surcharges on Fees	BA		88,672		88,329		0		0		0
		Obl.		66,672		88,329						
	General Fund Appropriation Requested	BA		$0		$0		$0		$0		$0
		Obl.		0		0						

Exhibit 7

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1993 Actual Amount	1994 Currently Available Amount	1995 Base Amount	1995 Estimate Amount	Increase/ (Decrease) From 1995 Base
Total Obligations	$470,987	$535,603	$537,988	$571,639	$33,651
Financing:					
Offsetting Collections from:					
Federal Reimbursements	(190)	(200)	(200)	(200)	0
Trust funds	0	0	0	0	0
Non-Federal sources	(399,364)	(415,692)	(537,788)	(571,439)	(33,651)
Recoveries of Prior Year Obligations	(2,621)	0	0	0	0
Unobligated balance, start of year	(13,522)	(31,382)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	31,382	0	0	0	0
Unobligated balance expiring	0	0	0	0	0
Financing from Appropriated Funds	86,672	88,329	0	0	0
Less: Appropriation from Special Fund for Surcharges on Patent Fees	86,672	88,329	0	0	0
General Fund Appropriation Requested	$0	$0	$0	$0	$0

Exhibit 8

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Adjustments:		
FTE Realignment	(132)	0
Restoration of 1994 Reductions		14,671
Transfer to DOC OHRM for the Working Capital Fund	(1)	0
Other Changes:		
Pay Raises		12,294
Full-year cost in 1995 for positions financed for part-year in 1994	63	2,976
Within-grade step increases		3,178
Changes in compensable days		(1,092)
Civil Service Retirement System (CSRS)		(479)
Federal Employees Retirement System (FERS)		882
Thrift Savings Plan		137
Federal Insurance Contribution Act (FICA) - OASDI		412
Health Insurance		1,047
Employee Compensation Fund		1
Rental payments to GSA		(341)
Communications, utilities and miscellaneous charges		
Other telephone		5
Printing and reproduction		(1,094)
Other services		
Working Capital Fund		390
Audit Costs	7	461
Other services		155
Supplies and materials		132
Equipment		32
Subtotal, other changes	70	19,096
Total, adjustments to base	(63)	33,767

Exhibit 9

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

(Dollar amounts in thousands)

			FTE	Amount
Adjustments			(133)	14,671
FTE Realignment	(132)	0		
A decrease of 132 FTE reflects anticipated savings of personnel through automation and through use of contractors.				
Restoration of Base Reductions	0	14,671		
The restoration of $14,671,000 is from the 1994 Appropriation not allocated to the PTO in 1994.				
Transfer to DOC OHRM for the Working Capital Fund	(1)	0		
Pursuant to the Memorandum of Understanding between the Department of Commerce Office of Human Resources Management (OHRM) the PTO agrees to transfer one FTE ceiling position to the Department's Workers' Compensation Program.				
Pay Raises				12,294
A locality pay raise was implemented in January 1994				
Total cost in 1995 of 1994 locality pay raise		9,096,000		
Less amount funded in 1994		0		
Less amount absorbed		0		
Amount requested in 1995 to provide full-year cost of 1994 locality pay raise		9,096,000		
Payment to Working Capital Fund		64,000		
Total, adjustment for 1994 locality pay raise		9,160,000		
1995 pay increase and related costs				
A general pay raise of 1.6% is assumed to be effective January 1, 1995				
Total cost in 1995 of pay increase		3,116,000		
Less amount absorbed in FY 1995		0		
Amount requested for 1995 pay increase		3,116,000		
Payment to Working Capital Fund		18,000		
Total, adjustment for 1995 pay increase		3,134,000		

Exhibit 9

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Full-year cost in 1995 of positions financed for part-year in 1994	63	2,976

An increase of $2,984,950 is required to fund the full-year cost in 1995 of positions financed for part-year in 1994. The computation follows:

Annual salary of new positions in 1994	139	13,090,017
Less 5 percent lapse	-7	-654,502
Full-year cost of personnel compensation	132	12,435,615
Less personnel compensation in 1995	-69	-10,156,000
Cost of personnel compensation in 1995	63	2,279,615
Adjustment for 1995 pay raise (016 x .75 x $2,279,615)	0	27,354
Amount required for personnel compensation	0	2,306,869
Benefits	0	669,256
Total adjustment-to-base	63	2,976,125

	FTE	Amount
Within-grade step increases		3,178

An increase of $3,178,318 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 1995.

Estimated number of within-grade step increases	3,664
Step increases not earned due to turnover (11 9% x 3,664)	436
Average step above step 1 per separation	3
Average cost per within-grade step increase	1,155
Gross cost of scheduled step increase ($1,155 x 3,664)	4,231,920
Less savings due to separations ($1,155 x 436 x 3)	-1,510,740
Subtotal, personnel compensation	2,721,180
Benefits	457,138
Total adjustment-to-base	3,178,318

Exhibit 9

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	FTE	Amount
Change in compensable days		(1,092)

The decreased cost of one less compensable day in 1995 compared to 1994 is calculated by dividing the 1994 estimated personnel compensation ($234,734,000) and applicable benefits ($50,340,114) by 261 compensable days. The cost decrease of one less compensable day is ($1,092,238).

	FTE	Amount
Civil Service Retirement System (CSRS)		(479)

The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 45.1% in 1994 to 42.0% in 1995 for regular employees. Contribution rates will remain the same.

Regular:

1995 $220,629,000 x .420 x .07	6,483,553
1994 $220,529,000 x .451 x .07	-6,962,101
Total adjustment-to-base	-478,548

	FTE	Amount
Federal Employees Retirement System (FERS)		882

The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 54.9% in 1994 to 58.0% in 1995 for regular employees. The contribution rate will remain the same.

Regular:

1995 $220,529,000 x .580 x .129	16,499,980
1994 $220,529,000 x .549 x .129	-15,618,084
Total adjustment-to-base	881,896

Exhibit 9

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

		FTE	Amount
Thrift Savings Plan (TSP)			137
The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain 2%.			
Regular:			
1995 $220,529,000 x .580 x .02	2,558,136		
1994 $220,529,000 x .549 x .02	-2,421,408		
Total adjustment-to-base	136,728		
Federal Insurance Contribution Act (FICA)			412
As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI will rise from $60,150 in 1994 to $61,050 in 1995. The OASDI tax rate will remain 6.2% in 1995.			
Regular:			
1995 $220,529,000 x .580 x .992 x .062	7,866,781		
1994 $220,529,000 x .549 x .993 x .062	-7,453,822		
Subtotal	412,959		
Other:			
1995 $23,268,136 x .992 x .062	1,431,083		
1994 $23,268,136 x .993 x .062	-1,432,526		
Subtotal	-1,443		
Total adjustment-to-base	411,516		

Exhibit 9

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

		FTE	Amount
Health Insurance			1,047
Effective January 1993, PTO's contribution to Federal employees' health insurance premiums increased by 8.3%. Applied against the 1994 estimate of $12,619,000, the additional amount required is $1,047,377.			
Employees' Compensation Fund			1
The Employees' Compensation Fund bill for the year ending June 30, 1993, is $1,095 higher than the bill for the year ending June 30, 1992. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.			
Rental Payments to GSA			(341)
GSA rates are projected to increase 2.86% in 1995. This percentage was applied to the 1994 estimate of $44,687,000 to arrive at an increase of $1,278,048	1,278,048		
Rental cost for Building Crystal Park 2 decreased $1,619,399. GSA decreased the rental rates in FY 1993 for this building. The decrease was computed by applying the adjusted rental rates to the 1995 base estimate of $9,492,989. The result was a revised 1995 estimate of $7,873,590, a decrease of $1,619,399	(1,619,399)		
Total Rental Payments to GSA adjustments-to-base	(341,351)		
Communications, Utilities and Other Rental Payments			5
Effective October 1992, GSA/WITS basic line charges increased by $5,335. This increase was computed by applying the per line charge to 7,621 lines effected by the change. The per line charge went from $24.05 to $24.75. The total cost in 1994 was $183,285 and the adjusted cost for 1995 will be $188,620 resulting in an increase of $5,335			

Exhibit 9

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

(Dollar amounts in thousands)

		FTE	Amount
GPO Printing			(1,094)
GPO has provided an estimated rate increase of 3.0%. This percentage was applied as follows.			
Other GPO Printing: The percentage was applied to the 1994 estimate of $1,604,000 to arrive at an increase of $48,120.	48,120		
Trademark Printing: Effective October 1993, the cost of trademark printing increased by $46,567. This increase was computed by applying the estimated rate increase to the old unit cost and base cost, as applicable. The total cost in 1994 was $1,552,228 and the adjusted cost for 1995 will be $1,598,795 resulting in an increase of $46,567.	46,567		
Patent Printing: Effective October 1993, the cost of patent printing increased by $404,859. This increase was computed by applying the estimated rate increase to the old unit cost and base cost, as applicable. The total cost in 1994 was $24,284,791 and the adjusted cost for 1995 will be $24,689,976 resulting in an increase of $405,185.	405,185		
Patent Printing: An adjustment for Patent Printing was determined based on the impact of the FTE reductions experienced in 1994. These FTE reductions resulted in a decrease of $1,606,000 from the initial estimate for Patent Printing.	-1,606,000		
File Wrappers. Effective September 1992, the cost for file wrappers increased $12,148 This increase was computed by applying the new rates to the 1994 base quantity. The total cost in 1994 was $393,066 and the adjusted cost for 1995 will be $405,214 resulting in an increase of $12,148	12,148		
Total GPO Printing adjustments-to-base	-1,093,980		

Exhibit 9

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

(Dollar amounts in thousands)

	FTE	Amount
Other Services	7	1,006
Working Capital Fund: An additional $390,000 is required to fund cost increases in the Department Working Capital Fund to maintain the current level of operations		390,000
Audit Costs: An increase of $460,530 is required to cover the cost of auditing financial statements, as required by the CFO Act	7	460,530
Labor Services: Effective October 1992, the cost for labor services increased by $51,680 This increase was computed by applying the new rates to the 1994 base hours. The total cost in 1994 was $363,720 and the adjusted cost for 1995 will be $415,400 resulting in an increase of $51,680		51,680
Renovations: Effective August 1992, renovation rates increased by $54,900 or 3.75%. This increase was computed by taking the difference between the new and old rates and calculating the percentage of change. The 1994 estimate was $1,464,000 and the adjusted cost estimate for 1995 will be $1,518,900 resulting in an increase of $54,900		54,900
Protection Services: Effective October 1992, protection service rates increased by $46,225. This increase was computed by applying the new rates to the 1994 base hours. The total cost in 1994 was $575,766 and the adjusted cost for 1995 will be $621,991 resulting in an increase of $46,225		46,225
Other Contracts:		
APEC VRS Contract costs increased by $2,304. The total cost in 1994 was $47,376 and the adjusted cost for 1995 will be $49,680 resulting in an increase of $2,304		2,304
Total Other Services adjustments-to-base	7	1,005,639

Exhibit 9

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

(Dollar amounts in thousands)

	FTE	Amount
Supplies and Materials		132
An increase of $132,013 is requested for essential supplies and materials such as books, periodicals and envelopes. Effective October 1993, books and periodicals increased by $130,551. This increase was derived from the 1994 total cost of $1,184,400 and the adjusted cost for 1995 of $1,314,951. Also, envelopes increased $1,462 from the 1994 total cost of $20,626 to the adjusted cost for 1995 of $22,088.		
Equipment		32
Effective October 1994, showcase equipment used to store patents increased from $812,081 in 1994 to $844,560 for 1995. This increase resulted in an adjustment of $32,479		
Total	(63)	33,767

Exhibit 10

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM AND PERFORMANCE
(Dollar amounts in thousands)

Activity: Patent Process

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase / (Decrease) From 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Patent Process:											
Examination-Professional	Pos./BA	2,248	$225,799	2,380	$239,868	2,348	$254,030	2,418	$270,457	70	$16,427
	FTE/Obl	2,117	217,359	2,185	248,306	2,212		2,254		42	
Examination-Clerical	Pos./BA	765	30,913	670	30,503	670	32,616	665	34,277	(5)	1,661
	FTE/Obl	651	30,394	644	31,022	636		631		(5)	
Appeals and Interferences	Pos./BA	84	7,413	80	7,149	65	7,852	65	7,852	0	0
	FTE/Obl	83	7,241	81	7,321	84		84		0	
Patent Printing	Pos./BA	0	28,374	0	30,681	0	31,461	0	31,461	0	0
	FTE/Obl	0	27,973	0	31,082	0		0		0	
Patent Quality Review	Pos./BA	21	1,996	21	1,915	21	2,063	32	3,283	11	1,220
	FTE/Obl	21	1,936	21	1,975	21		31		10	
Total Direct Obligations	Pos./BA	3,118	294,495	3,151	310,116	3,124	328,022	3,200	347,330	76	19,308
	FTE/Obl	2,872	284,903	2,931	319,706	2,953		3,000		47	
Less: Financing from Offsetting Fees	BA		229,553		252,841		328,022		347,330		19,308
	Obl.		226,572		252,841						
Less: Prior Year Unobligated Balance	BA		6,566		0		0		0		0
	Obl.		0		9,592						
Less: Recoveries of Prior Year Obligations	BA		45		0		0		0		0
	Obl.		0		0						
Financing from Appropriated Funds	BA		58,331		57,275		0		0		0
	Obl.		58,331		57,275						
Less: Appropriation from Special Fund for Surcharges on Fees	BA		58,331		57,275		0		0		0
	Obl.		58,331		57,275						
General Fund Appropriation Requested	BA		$0		$0		$0		$0		$0
	Obl.		0		0						

Exhibit 12

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Patent Process

Goals and Objectives

Department of Commerce Mission:

The PTO programs described under this budget activity directly support the following missions of the Department:

- *Open and expand foreign markets and increase U.S. exports* by provision of Federal protection to patented products, services, and ideas and by securing worldwide intellectual property protection;
- *Enhance technological development and commercialization* by the issuance of timely and high quality patents and by the dissemination of patented products, services and ideas through automated and other medium.

Priorities and Goals:

- Promoting innovation and enhancing the economic, scientific, and competitive strength of the Nation through the efficient administration of patent laws enacted in accordance with Article 1, Section 8, of the Constitution;
- Maintaining patent pendency at or near a goal of 18 months and improving the quality of issued patents;
- Automating patent examination search tools and processes and planning for automated application management.

Objectives:

- Issue valid patents on a timely basis to secure inventors' intellectual property rights.
- Ensure the prompt publication of printed patents, which results in the rapid dissemination of new technology; encourages early investment in innovation; and accelerates technological development.
- Provide prompt and efficient service to the public, including the timely and effective adjudication of cases before the Board of Patent Appeals and Interferences.
- Continue to implement the Automated Patent System (APS), and to enhance patent application processing and classification activities.
- Continue to perform quality reviews of examined patent applications.

Exhibit 12

Base Program

Examination - Professional

Mission:

A primary mission of the Office is to issue valid patents on a timely basis. A patent confers the right to exclude others from making, using, or selling the claimed invention in the United States in exchange for disclosure of the technology described and shown in the patent specification.

History:

Article I, Section 8 of the Constitution states: "Congress shall have the power...to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

The first patent law was enacted in 1790. The present law, having its origins in 1952 legislation, is codified in title 35 of the United States Code. The term of a patent is 17 years from grant.

Prior to FY 1983, pendency was high and climbing, and the Office was a paper based operation. The lack of integrity of the search files was not acceptable. Starting in FY 1982, the Office initiated programs to reduce pendency, automate operations, and enhance quality. From fiscal years 1984-1989, the PTO turned around the rapidly growing backlog, reduced pendency to 18 months, APS automation was developed and implementation was begun, and doubled the size of the examining corps work force. The Omnibus Budget Reconciliation Act of 1990 made the PTO user fee dependent in FY 1991. The PTO's goal is to achieve approximately 18-months pendency, which is projected to occur in fiscal year 1995.

Patent Examination Process:

One of the main functions of the Office is the patent examination process. Patent laws encourage technological advancement by providing incentives to invent, invest in and disclose new technology. In the patent application examination process, the Office compares the application's subject matter to a large body of technological information to determine whether the invention is new, useful and non-obvious to someone knowledgeable in the subject matter. This is referred to as "determining the patentability of a claimed invention."

Types of patentable inventions include articles of manufacture and machines, compositions of matter, processes, plants and ornamental designs. To be patentable, an invention must be new, useful, non-obvious and adequately disclosed.

Patent examiners determine whether a patent can be allowed by searching prior art, which includes previously issued U.S. and foreign patents and non-patent literature to help determine whether the claimed invention complies with the patent statutes and court decisions. In this process, patent examiners either allow or reject an application, prepare briefs on applications appealed, make holdings of abandonment, recommend institution of interference proceedings to determine priority of ownership, and rule on certain other post-interference issues.

Exhibit 12

In the course of examining a patent application, a patent examiner makes an initial determination on the allowability of a patent, which is known as a First Action. This frequently is followed by subsequent communications with the applicant, called the prosecution of the application, until the application is disposed, i.e., either abandoned or allowed for issue as a patent.

The issuance of valid patents, on a timely basis, helps industry make important business decisions to develop new products or invest in licenses for patented technology with reasonable assurance that their patents will withstand the scrutiny of a court, potential licensees, or even a possible infringer. From FY 1982 to FY 1992, there was a 47.8 percent increase in the number of patent applications filed. The number of applications filed is expected to increase by three to four percent per year. To cope with this level of increase in filings, PTO has hired and trained more than 2,000 new patent examiners since FY 1982. Currently, filing trends indicate there is a continuing need to hire, train and retain patent examiners. The use of overtime, productivity gainsharing awards, and special pay scales aid in attracting and retaining patent examiners.

To enhance the efficiency and effectiveness of the examination process, various initiatives have been implemented to increase production during these periods of increased workloads. One of these initiatives is a restructuring of the Patent Examining Corps to improve quality of training and supervision of junior examiners. Two Patent Examining Groups were restructured on a pilot basis in FY 1990. An evaluation of these two groups confirmed that the quality of Patent Cooperation Treaty applications, reissue and re-examination processing had shown substantial improvement. To date, six examining groups responsible for the examination of emerging technologies have been restructured with a seventh group in process of being restructured.

In FY 1992 and FY 1993 respectively, the Office implemented special pay rates for biotechnology and chemist examiners. The ability to attract and retain highly qualified candidates had been difficult because of the higher starting salaries paid by the private sector; also, at the time, PTO salaries were not competitive with starting salaries of many other federal agencies within the Washington D.C. metropolitan area, such as the Defense Department and U.S. Army Walter Reed Medical Center.

Patent Automation:

Funding for the Automated Patent System (APS), included in the Patent Process line item, has supported the development and implementation of electronic search systems. Text Search subsystems have been deployed throughout the Patent Examining Corps to enhance the outdated manual search systems used since the 19th century. A pilot program was instituted using Group 220, which included deployment of the Classified Search and Image Retrieval (CSIR) system. The success of the pilot resulted in deployment to two additional groups and part of a fourth group. The APS-CSIR system development was also extended to the public in FY 1993. Beginning in FY 1993, the PTO provided funding for the development of the Patent Application Management (PAM) system. The goals of PAM are the receipt of patent applications, in electronic medium, beginning late in FY 1996, and the publication, again in electronic form, of the issued patent in FY 1998 - FY 1999. PAM activities to date include the awarding of contracts for business process re-engineering services and for development of specifications for a PAM integration contractor. Further details are included in the Executive Summary and Information Resources chapter of the Long Range Plan (LRP) and the FY 1995-1999 Planning Progress Report.

Examination - Clerical

The clerical operation provides technical and administrative support to the patent examiners and is an integral part of the patent examination process. The Corps technical support staff is being enhanced through technical support academy training classes offered at the PTO and is being restructured into teams to meet the needs of the Office and the public, and to support the patent pendency goal.

Exhibit 12

Appeals and Interferences

The Board of Patent Appeals and Interferences is responsible for hearing and deciding appeals from adverse decisions of patent examiners concerning applications for patents, conducting interference proceedings, and making final determinations in the Patent and Trademark Office as to questions of priority of invention and patentability. The Board also hears and decides questions regarding property rights in inventions in the atomic energy and space fields.

The Board of Patent Appeals and Interferences traces its history back to 1861 when the first appeals board was formed. Prior to 1861, the Commissioner decided all appeals within the Office from those dissatisfied with ex parte rejections of patent examiners and inter partes decisions entered in interferences. In 1927, the patent laws were amended to eliminate the existing practice of appealing a decision of the Board to the Commissioner of Patents. The Board of Appeals and the Board of Patent Interferences were merged in 1984 under section 7 of Title 35, United States Code. While the Board of Patent Appeals and Interferences provides an avenue within the agency where adverse decisions of patent examiners are reviewed, the decisions of the Board continue to be subject to judicial review. Dissatisfied parties may institute civil action in U.S. District Court or appeal to the U.S. Court of Appeals for the Federal Circuit.

Patent Printing

This post-examination function provides for capturing data, and printing patents and the Official Gazette after patent applications have been allowed by examiners and the appropriate fees have been paid. Reexamination certificates and Statutory Invention Registrations (SIRs) are also printed. The weekly Official Gazette includes a section on notices, an abstract, drawings of allowed patents, if so specified by the patent examiner, and tables of data on each patent. Indexes of patents are published once a year. Copies of patents are printed and delivered in sets to libraries, trade associations, or foreign countries to promote the dissemination and exchange of patent information. Copies of the Official Gazette are sold by the Government Printing Office (GPO). All data that make up a printed patent are captured in electronic format and are loaded into the Automated Patent System (APS) for text searching. The patent printing function directly supports the goal of maintaining 18-months pendency while improving the quality of issued patents.

Patent Quality Review

The Office of Patent Quality Review was established in 1974 to monitor the quality of allowed patent applications. In FY 1992 the Office also began monitoring the quality of actions in abandoned applications. A statistically significant four percent sample of all issued or abandoned patent applications is randomly selected by a computer for quality review by patentability reviewers.

The Office of Patent Quality Review establishes criteria and performs a review of the quality of examination of patent applications. The Office reviews the application of substantive statutory criteria for patentability; the adequacy of the examiner's search for prior art; and the adherence to examining procedures. The Office provides information to managers and patent examiners on the results of its review, makes recommendations for maintaining or improving the quality of examination, and refers disputes or disagreements between the Office of Patent Quality Review and the Patent Examining Corps relative to corrective actions in patent applications to the Commissioner for resolution.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
SUMMARY OF WORKLOAD AND PERFORMANCE DATA
FY 1992 - FY 1995

Performance Measure:	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Examination - Professional:				
Regular Patent Applications (excludes designs)				
Applications in Office (start-of-year)	288,055	295,096	281,517	290,689
Applications received	172,539	174,553	179,000	185,000
Application disposals by examiners:				
Allowed for grant	(103,093)	(104,351)	(108,200)	(103,300)
Abandoned	(59,199)	(60,763)	(63,300)	(60,500)
Statutory invention registration (SIRs)	(278)	(146)	(200)	(200)
Total Disposals	(162,570)	(165,260)	(171,700)	(164,000)
Change in printing inventory	(2,928)	(22,872)	1,872	(3,032)
Total applications in Office (end-of-year)	295,096	281,517	290,689	308,657
First actions	165,294	171,799	163,800	174,400
Pendency: (in months)				
Pendency in Office for all applications	19.1	19.5	19.6	18.9
Patent printing:				
Patent grants obligated (excludes designs)	99,767	98,941	102,600	100,600
Patent grants printed (excludes designs)	100,116	97,386	102,000	102,200
Design Patents:				
Applications received	12,907	13,546	14,500	15,100
Allowed or abandoned	(15,856)	(16,481)	(17,500)	(17,500)
Design patent grants printed	9,612	9,946	11,000	11,400
Change in printing inventory	3,908	(3,435)	126	(274)
Total pending end-of-year	31,682	25,312	22,438	19,764
First actions	16,076	16,074	17,400	16,000

DEPARTMENT OF COMMERCE
Patent and Trademark Office
SUMMARY OF WORKLOAD AND PERFORMANCE DATA
FY 1992 - FY 1995

Performance Measure:	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Examination of Patents:				
Appeals:				
Cases received	4,281	4,487	4,500	4,500
Cases disposed	(4,000)	(4,085)	(4,300)	(4,300)
Pending end-of-year	1,871	2,273	2,473	2,673
Interferences:				
Cases received	292	259	300	310
Cases disposed	(245)	(235)	(250)	(260)
Pending end-of-year	371	395	445	495
Patent Quality Review:				
Regular four percent sample	4,320	4,067	4,330	4,130
Reissue: 15 percent sample	58	130	55	55
Reissue screening: 100 percent sample	341	249	350	350
Reexamination: 15 percent sample	37	47	50	50
Abandoned reviews	649 1/	1,291	1,280	1,280

1/ Abandoned reviews began in FY 1992

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Examination - Professional	2,348	2,212	$254,030	2,495	2,331	$274,549	+147	+119	+$20,519

The requested examination resources in this line item can be summarized as follows:

	Personnel	FTE	Amount ($000's)
Examination of Patents	+147	+119	+$5,150
Patent Automation - Automated Patent System	0	0	+$14,581
Patent Automation - Management and Administrative System	0	0	+$788
Total	+147	+119	+$20,519

Examination: (+147 permanent positions, +119 FTE, +$5,150,000)

Reliance on Federal Employees

The examination of a patent application conforms to an intellectual property "assembly line" or a "pipeline." There are three phases of examination: (1) pre-examination, where the application receives an administrative review; (2) examination where the application is formally examined by a professional patent examiner and a decision on patentability is rendered; and, (3) post-examination where the issued patent is disseminated to the public.

All of these procedures are workload driven and supported totally by user fees. A user pays the agency to examine his or her patent application and the agency applies the necessary resources to provide the expected service and final end-product. Resources to be applied include Federal employees to provide the needed services. Hence, this initiative requests additional patent examiners to examine patent applications. Without

Exhibit 13

these positions, the PTO cannot examine patent applications in a timely manner and cannot respond to customer expectations of quality and timely services.

Production Enhancements

One of the main projection tools used in calculating patent pendency and annual costs from a zero based budget perspective for the Patent Examining Corps is the patent production model. The patent model also calculates the number of disposals and first actions achieved for production. The model calculations for production analysis are based on the number of patent examiners in the Corps, adjusted by new hires, estimated attritions, their grade and production capacity. Also considered are overtime hours and cash awards (including gainsharing awards). During FY 1994, the Patent Examining Corps experienced a lower attrition rate than in past years. Due to this retention of examiners, usually at higher grade levels, the cost of retention has increased in FY 1995. Due to increased workloads, the model also projects the number of new patent examiner hires needed to process the increased volume in workloads from year to year. The patent model accounts for production units produced and the number of patent examiners needed to meet the pendency goal and the associated costs.

The requested FY 1995 resources are required to address the increase in the number of patent applications filed from 179,000 in FY 1994 to 185,000 in FY 1995. This initiative assumes continuation of existing practices and procedures in the examination of utility, design, and plant patent applications. The PTO will continue to screen patent applications for national security issues and to issue foreign filing licenses. The PTO will also continue to reexamine issued patents, process international patent applications under the Patent Cooperation Treaty (PCT), issue statutory invention registrations (SIRs), and process requests for patent term restoration applications.

Quality Enhancements

In a continuing effort to enhance the effectiveness of the examination process, which would benefit not only the Agency but the technical, scientific, and industrial community which it serves, the PTO is employing quality action teams. This will facilitate the sharing of knowledge and experience among a group of patent examiners, leading to improved training procedures, patent quality and pendency rates. Further quality initiatives are also planned. PTO is proposing to significantly expand its patent quality review process in order to strengthen public confidence in the validity of issued patents. It is also proposing to expand its Examiner Education Program, or EEP (presently funded by voluntary contributions from private industry). The importance of this program is that it enables patent examiners to venture into the "real world" and obtain valuable insight into "cutting edge" developments in technology, thereby gaining a critical understanding of the context in which developments in technology are taking place. This process will allow the PTO to fulfill its function of helping the United States maintain its technological edge in the competitive world environment.

The FY 1995 initiative proposes the hiring of 430 new patent examiners, offset by attritions of 168. Funds are also provided for overtime expenditures and for the continuation of the examiner productivity gainsharing award program. Funds are also provided, on a per capita basis, for associated costs of an employee such as training, supplies, furniture, and printing. There are no deviations in this initiative from those efforts proposed and justified in prior years. With the approval of this initiative, there will be 2,083 working patent examiners at the end of FY 1995. A

Exhibit 13

patent examiner's duties require interpretations of legal matters and resources are requested to provide for the continuation of tuition assistance for law school.

As an initiative approved in the FY 1992 Congressional submission, the PTO will continue to restructure the organization of the Examining Corps in FY 1995 to better manage workload and resources. The restructured Corps, when mature, assumes sixteen groups, each with 13 to 15 art units per group, with each art unit having a supervisory patent examiner, 10 to 15 patent examiners, and administrative support. After full implementation of the Corps restructuring plan operating costs will be equal to or less than those which would have occurred had restructuring not taken place.

Patent Automation - Automated Patent System: (+0 permanent positions, +0 FTE, and +$14,581,000)

The PTO requests an increase of $14,581,000 for Automated Patent System (APS) initiatives. The largest part of the APS increase ($7,985,000) is for increased funding for Patent Application Management (PAM) management and development. The PAM program will develop and implement a system which will maintain and process electronically all patent application information (text and image) that is currently maintained in paper form and processed manually. The PAM system will consist of five subsystems: 1.) the Application Document Input and Management (ADIM) Receiving Subsystem that will accept electronically submitted patent applications and amendments, convert patent applications and amendments submitted in paper form to electronic form, and perform receipt functions and determine if the application is suitable for continued PAM processing; 2.) the ADMIN Pre-Examination Subsystem that will prepare the applications and amendments for the examination process; 3.) the Examiner Action Subsystem (EAS) that will create and store examiner actions; 4.) the PALM+ Subsystem that will manage the application process by maintaining status, prosecution history and bibliographic information, producing management reports and maintaining pointers or indexes to all parts of an application which may reside on separate databases and platforms; and 5.) the Post-processing Photocomposition, and Printing (P3) Subsystem that will photocompose the approved patents and create patent files to update the Examiner Search System (ESS), and the data dissemination systems. Increased funding is needed for PAM program management, for the Application Data Input Management (ADIM) system, for the PALM Plus Subsystem (PALM+), and for the Examiner Action Subsystem (EAS).

Included in the requested increase for APS is an increase of $6,596,000 for development efforts supportative of the Classified Search and Image Retrieval (CSIR) Module of the Automated Patent System. Classified Search and Image Retrieval capabilities will be deployed among all patent examiners in a desktop environment. The PTO is presenting examining options on whether to proceed with an interim deployment of CSIR workstations in a shared environment or whether to forego the shared environment deployment and accelerate CSIR deployment on desktop personal computers to each examiner.

Exhibit 13

Patent Automation - Management and Administrative Systems: (+0 permanent positions, +0 FTE, and +$788,000)

The PTO requests an increase of $788,000 for the patent related functions of the Management and Administrative Systems (MAS). The workload for systems development and maintenance will increase over the next few years and will require increased contractor support as several of these on-line systems will require an extensive amount of maintenance along with new data requests and systems enhancements. Such software projects as Classification Data Systems (CDS), Patent Cooperation Treaty (PCT), and Patent Application Location and Monitoring (PALM) enhancements, will need additional support. Failure to acquire additional funding will result in extended delays in providing necessary analysis and programming services to users within the PTO.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government, the PTO also requests a reduction of $182,000 for administrative savings; $18,000 of these savings are attributed to patent examination and $164,000 is attributed to patent automation. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Pursuant to the Executive Order on Reduction of 100,000 Federal Positions (Executive Order 12839), the PTO also requests a reduction of 77 positions, 77 FTE, and $3,910,000. The personnel and object class details of these reduction are presented in Exhibits 14 and 15 on pages 130 and 131, respectively.

Benefit(s):

- Promote the Department mission to *"Open and Expand Foreign Markets and Increase U.S. Exports"* by (1) issuing patents in a timely and high quality manner to insure protection of innovation; and (2) granting Federal protection for a valid patent thereby promoting commercialization of the innovation both in the U.S.; and (3) securing worldwide intellectual property protection.
- Promote the Department mission to *"Enhance Technological Development and Commercialization"* by (1) disseminating innovation through the publication of issued patents and (2) providing needed Federal protection to patent owners and insuring, through negotiation of intellectual property rights worldwide, that their patented innovation can be marketed world-wide without fear of piracy or of being denied recompense for commercialization of the patented product or service.
- Patent pendency will remain at 18.9 months in FY 1995.
- Produce higher quality work by the Patent Examiners.
- Allow the U.S. Patent and Trademark Office to continue to be the world leader in the timely processing of quality patents.
- Enhancement of customer service and information to the public.
- Promotes issuance of timely and high quality patents which, in turn, promote the Department missions to *"Open and Expand Foreign Markets and Increase U.S. Exports"* and to *"Enhance Technological Development and Commercialization."*
- Allow for the automation of currently manual and paper-based processing.
- Allow for the eventual full automation of currently mixed examination search processes.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity:	Patent Process
Subactivity:	Examination-Professional
Program Change:	Patent Examination-Professional

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
Patent Examiner		GS-15	2	$69,428	$138,856
Patent Examiner		GS-15	(11)	69,428	(763,708)
Patent Examiner		GS-14	(2)	59,022	(118,044)
Patent Examiner		GS-13	(15)	49,947	(749,205)
Patent Examiner		GS-12	48	42,004	2,016,192
Patent Examiner		GS-11	56	35,865	2,008,440
Patent Examiner		GS-09	43	32,420	1,394,060
Patent Examiner		GS-07	26	29,530	767,780
Total Positions and Salaries		...	147	...	4,694,371
Plus: FY 1995 Pay Raise Adjustment	1.20%		...	+	56,332
Subtotal - Adjusted Salaries			147		4,750,703
Less: Lapse			- 28		- 845,703
Total Full-Time Permanent			119		$3,905,000

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	119
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	119
Authorized Positions:	
Full-Time Permanent	147
Other Than Full-Time Permanent	0
Total Authorized Positions	147

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Patent Process
Subactivity:	Examination-Professional
Program Change:	Patent Examination - Professional

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$3,905
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	3,905
12.0	Civilian Personnel Benefits	1,134
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	0
25.1	Consulting Services	0
25.2	Other Services	15,480
25.3	Purchase of Goods and Services from Gov't Accounts	0
26.0	Supplies and Materials	0
31.0	Equipment	0
99.0	Total Obligations	$20,519

Excludes reduction of 77 FTE and $3,910K, which are presented on page 127.
Excludes administrative savings of $182K, which are presented on page 129.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Examination - Clerical	670	636	$32,616	665	631	$34,290	-5	-5	+$1,674

Examination: (-5 permanent positions, -5 FTE, +$1,674,000)

The Patent Examining Corps staff is supported by a cadre of clerical, secretarial, technical and administrative staff. This staff processes applications throughout the examination process and provides administrative and secretarial support to senior patent examiners and supervisors. The Technical Support Staff is requesting a decrease of -5 positions and FTEs due to the savings incurred from Project 4000 computer purchases. Changes similar to those described in the Examination - Professional line item are proposed for the Clerical Technical Support Staff components.

The PTO budget differentiates between professional and technical examination of a patent. This complement of technical assistants support the examination of a patent application by the patent examiner and are as essential to the patent "pipeline" as are the professional patent examiners. The examination is not well served if a patent application does not have its data recorded in the Patent Application Locating and Monitoring (PALM) system which contains all relevant information on the patent, if applications are not initially processed properly while awaiting examination, if papers are not properly matched with applications, if amendments are not accurately entered, or if applications are not properly revised for issue.

In order to minimize the number of Federal staff within the PTO, we are proposing an increase in funds of $1,674,000 in this budget for a procurement action in which the PTO will contract out a portion of our technical support services. In addition, we are significantly expanding the levels of overtime hours in order to achieve the necessary production and pendency goals.

The Clerical Technical Support Staff for the Patent Examining Corps maintains pending dockets of national and international patent applications, acknowledges receipt and tracks location of the application, and key enters relevant data into the Patent Application Locating and Monitoring (PALM) automated system, processes Patent Cooperation Treaty (PCT) international search reports and international

Exhibit 13

preliminary examination reports, types and transmits to the applicant the results of initial professional examination which "rejects" or "allows" claims in the application ("first action" notice), administratively processes the applicant's reply to the first action and to any subsequent patent examiner actions, and processes the examiner notice of final rejection or allowance ("disposal"). Resources for the Clerical Technical Support Staff component are tied directly to the workload received and processed by the Patent Examining Corps. In FY 1994 and FY 1995, the PTO is projecting application receipts of 178,000 and 185,000, respectively.

Further initiatives for FY 1995 include enhanced resources for training, as well as for increased overtime to address incoming workloads and backlog cases.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government, the PTO also requests a reduction of $13,000 for administrative savings. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Benefit(s):

- Promote the Department mission to ***"Open and Expand Foreign Markets and Increase U.S. Exports"*** by (1) issuing patents in a timely and high quality manner to insure protection of innovation; and, (2) granting Federal protection for a valid patent, thereby promoting commercialization of the innovation both in the U.S.; and (3) securing worldwide intellectual property protection.
- Promote the Department mission to ***"Enhance Technological Development and Commercialization"*** by (1) disseminating innovation through the publication of issued patents and (2) providing needed Federal protection to patent owners and insuring, through negotiation of intellectual property worldwide, that their patented innovation can be marketed without fear of piracy or of being denied recompense for commercialization of the patented product or service.
- Efficient and effective processing of patent applications by Technical Support Staff to permit timely issuance of valid patents.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity:	Patent Process
Subactivity:	Examination-Clerical
Program Change:	Patent Examination - Clerical

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
File Clerk		GS-03	(4)	$15,221	($60,884)
Fax Clerk		GS-03	(1)	15,221	(15,221)
Total Positions and Salaries		. . .	(5)	. . .	(76,105)
Plus: FY 1995 Pay Raise Adjustment	1.20%		. . .	+	(913)
Subtotal - Adjusted Salaries			(5)		(77,018)
Less: Lapse			- 0	-	(21,018)
Total Full-Time Permanent			(5)		($56,000)

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	(5)
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	(5)
Authorized Positions:	
Full-Time Permanent	(5)
Other Than Full-Time Permanent	0
Total Authorized Positions	(5)

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Patent Process
Subactivity: Examination-Clerical
Program Change: Patent Examination - Clerical

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	($56)
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	(56)
12.0	Civilian Personnel Benefits	(16)
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	0
25.1	Consulting Services	0
25.2	Other Services	1,746
25.3	Purchase of Goods and Services from Gov't Accounts	0
26.0	Supplies and Materials	0
31.0	Equipment	0
99.0	Total Obligations	$1,674

Excludes administrative savings of $13K, which are presented on page 127.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Patent Quality Review	21	21	$2,063	32	31	$3,283	+11	+10	+$1,220

Patent Quality Review: (+11 permanent positions, +10 FTE, +$1,220,000)

The initiative addresses concerns applicants have expressed with the clarity of office actions, and the quality of patent examination received from the PTO, as reported in a recent survey conducted by the General Accounting Office (GAO) of U.S. companies prosecuting applications in the PTO and in the European and Japanese Patent Offices (GAO Report dated 4/16/1993). The Office of Patent Quality Review, in concert with the Assistant Commissioner for Patents, proposes to initiate a program beginning in FY 1995 which will (1) define the attributes of a quality office action by involving the customers and focusing on customer expectations; (2) establish a baseline of performance; (3) determine the quality of office actions through a modification of the current patent quality review practices; (4) implement continuous improvement techniques to raise the level of quality of office actions; and (5) re-determine the level of quality of office actions on a routine basis. An increase of 11 positions, 10 FTE, and $1,220,000 is requested for this initiative that enhance the quality promotion programs supportive of patent examination practices and has as its ultimate goal the issuance of strong, high quality patents.

Benefit(s):

- Promote the Department mission to "***Open and expand foreign markets and increase U.S. exports***" by (1) issuing high quality patents to ensure protection of innovation; and, (2) granting Federal protection for a valid patent thereby promoting commercialization of the innovation both in the U.S. and abroad.
- Promote the Department mission to "***Enhance technological development and commercialization***" by (1) disseminating innovation through the publication of high quality issued patents, and (2) providing needed Federal protection to patent owners and insuring that their patented innovation can be marketed world-wide without fear of piracy or of being denied recompense for commercialization of the patented product or service.
- Enhance the quality of office actions and patent examinations.
- To improve customer satisfaction by increasing the reliability of office actions.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity:	Patent Process
Subactivity:	Patent Quality Review
Program Change:	Patent Quality Review

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
Quality Assurance Specialists		GS-15	10	$74,055	$740,550
Quality Assurance Examiner		GS-15	1	69,428	69,428
Total Positions and Salaries		...	11	...	809,978
Plus: FY 1995 Pay Raise Adjustment	1.20%		...		+ 9,720
Subtotal - Adjusted Salaries			11		819,698
Less: Lapse			- 1		- 109,698
Total Full-Time Permanent			10		$710,000

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	10
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	10
Authorized Positions:	
Full-Time Permanent	11
Other Than Full-Time Permanent	0
Total Authorized Positions	11

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Patent Process
Subactivity: Patent Quality Review
Program Change: Patent Quality Review

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$710
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	211
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	921
12.0	Civilian Personnel Benefits	206
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	0
25.1	Consulting Services	0
25.2	Other Services	33
25.3	Purchase of Goods and Services from Gov't Accounts	0
26.0	Supplies and Materials	60
31.0	Equipment	0
99.0	Total Obligations	$1,220

Exhibit 10

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM AND PERFORMANCE
(Dollar amounts in thousands)

Activity: Trademark Process

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase / (Decrease) From 1995 Base	
Trademark Process:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Examination of Trademarks	Pos./BA	424	$33,118	453	$32,021	439	$33,588	462	$34,529	23	$941
	FTE/Obl	391	28,199	442	36,941	428		444		16	
Trial and Appeal Board	Pos./BA	48	3,023	48	2,809	48	2,989	55	3,279	7	290
	FTE/Obl	43	2,647	47	3,185	48		53		5	
Trademark Printing	Pos./BA	0	1,705	0	1,653	0	1,700	0	1,793	0	93
	FTE/Obl	0	1,364	0	1,994	0		0		0	
Trademark Quality Review	Pos./BA	5	458	5	396	5	461	5	461	0	0
	FTE/Obl	5	423	5	431	5		5		0	
Total Direct Obligations	Pos./BA	477	38,305	506	36,879	492	38,738	522	40,062	30	1,324
	FTE/Obl	439	32,633	494	42,551	461		502		21	
Less: Financing from Offsetting Fees	BA		33,848		36,879		38,738		40,062		1,324
	Obl.		32,633		36,879						
Less: Prior Year Unobligated Balance	BA		3,901		0		0		0		0
	Obl.		0		6,672						
Less: Recoveries of Prior Year Obligations	BA		658		0		0		0		0
	Obl.		0		0						
Financing from Appropriated Funds	BA		$0		$0		$0		$0		$0
	Obl.		0		0						

Exhibit 12

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Trademark Process

Goals and Objectives

Department of Commerce Mission:

The PTO programs described under this budget activity directly support the following missions of the Department:

- ***Open and expand foreign markets and increase U.S. exports*** by provision of Federal protection to registered words, symbols, or devices used by businesses to identify and distinguish goods and services offered to the public; and,
- ***Enhance technological development and commercialization*** by the protection afforded by Federal trademark law.

Priorities and Goals:

- Provide prompt registration of quality trademarks;
- Disseminate information to the public on pending and registered marks;
- Automate the trademark process to ensure the timely registration of quality marks, and to disseminate trademark information to the public;
- Participate in bilateral, multilateral and international negotiations addressing trademark registration and protection, including harmonization of diverse trademark laws.

Objectives:

- Maintain reduced trademark pendency of three months to first action for all cases and 13 months to disposal for all cases in initial examination, with timely disposal of all others.
- Adjudicate Trademark Trial and Appeal Board decisions within 12 weeks.
- Monitor the effects of the Trademark Law Revision Act of 1988, "intent-to-use."
- Review and evaluate the quality of examination of trademark applications.

Exhibit 12

Base Program

Examination of Trademarks

Mission:

A primary mission of the Patent and Trademark Office (PTO) is to administer the laws relating to trademarks in order to promote industrial and technological progress and strengthen the national economy. Trademark laws provide for federal registration and protection of words, symbols, or devices used by businesses to identify and distinguish goods and services offered to the public. The PTO examines trademark applications and grants federal registrations to owners of qualified marks.

History:

The first law concerning trademarks was enacted by Congress in 1870. This legislation gave the Commissioner of Patents the jurisdiction to register trademarks and the power to make appropriate rules concerning them.

In 1879, the Supreme Court declared the Trademark Law of 1870 unconstitutional on the grounds that the 1870 Trademark Law was not based on the interstate commerce provision in the Constitution. In 1881, provisions were made for the federal registration of trademarks used in commerce with foreign nations and with the Indian tribes. However, the law still made no provisions for the registration of marks used in interstate commerce, which meant that the law had little value. However, in 1905, Congress passed the Trademark Act of 1905, which authorized the registration of trademarks used in interstate commerce.

A new trademark law came into effect on July 5, 1947 (commonly known as the Lanham Act) which repealed all prior trademark laws. The new law provided for the registration of service marks and certification marks; incontestability of trademark registrations under certain conditions; and cancellation of registrations after the sixth year if an affidavit of use is not filed between the fifth and sixth year after registration.

Recent legislation, known as the Trademark Law Revision Act of 1988, added an "intent-to-use" provision. Prior to "intent-to-use," the applicant had to provide evidence showing actual use of the mark in interstate commerce before the Office would accept the application for examination. Under the "intent-to-use" provision, an applicant has the option to file an application based on a bona fide intention to use a mark in commerce. As a result of this change, Trademarks witnessed a 53 percent increase in filings from 1989 to 1990. To accommodate the increased workload, the trademark operations of the PTO increased staff, utilized innovative human resource management techniques, enhanced existing automated systems, and continued to improve the quality of registered trademarks and related services.

The Trademark function was the first of PTO's operations to be automated as a part of a PTO-wide automation program initiated in FY 1982. Automating the Trademark operation improved the quality and efficiency of application and registration processing. T-Search was the primary tool used by trademark examining attorneys for searching word marks between FY 1988 and FY 1993. However, the Office is now in the process of acquiring new technology to meet the challenges of the future. X-Search version 1.0, which replaced T-Search in July 1993, is one such example. X-Search currently uses the T-Search mainframe hardware and software, but has an upgraded user interface replacing the obsolete T-Search workstations with state-of-the-art personal computers, printers, and software. Trademarks will continue to implement upgraded versions of X-Search in stages or modules.

Exhibit 12

The PTO has taken a role in international trademark issues. The Madrid Protocol, which would make it possible for a U.S. trademark applicant to file a single application with the U.S. Patent and Trademark Office and obtain an international registration and then designate multiple countries in which the international registration should be granted an extension of protection, resulted from a June 1989 diplomatic conference convened by the World Intellectual Property Organization (WIPO). Legislation has been introduced in this Congress that would allow the U.S. to adhere to the Protocol. If the U.S. joins the Protocol, U.S. trademark owners should find it easier to obtain protection for their marks and market their products in many countries throughout the world. In addition to the Protocol, the U.S. is participating in discussions on the Trademark Harmonization Treaty proposed by WIPO. If successful, the proposed Harmonization Treaty would establish uniform requirements for application forms, assignments, and other administrative procedures. Further details are included in the Executive Summary, Strengthening Intellectual Property chapter of the Long-Range Plan, and the 1995-1999 Planning Progress Report.

Trademark Processing:

When an application is received at the PTO, it is reviewed for formalities. If basic filing requirements are met, a serial number is assigned and a filing receipt sent to the applicant. A trademark examining attorney reviews the application to determine if the mark may be registered. If the trademark examining attorney determines that the mark cannot be registered, he or she will issue a letter listing any grounds for refusal and any corrections required in the application. The applicant must respond to any objections within six months or the application will be abandoned. If the trademark examining attorney issues a final refusal, the applicant has recourse at the Trademark Trial and Appeal Board, an administrative tribunal within the PTO. If there are no objections, or the applicant resolves all objections, the examining attorney will approve the mark for publication in the Official Gazette. The PTO will send a Notice of Publication to the applicant. Any party who objects to a registration of a mark must file an opposition with the PTO within 30 days of its publication in the Official Gazette. If the application was based upon actual use of the mark in commerce prior to approval for publication, the PTO will register the mark and issue a registration certificate. If the mark was published based upon the applicant's statement of having a bona fide intention to use the mark in commerce, the PTO will issue a Notice of Allowance. After the Notice of Allowance is issued, the applicant has six months to use the mark in commerce and file a Statement of Use or request additional six-month extensions, up to a total of three years. When a Statement of Use is filed, it undergoes a second examination by a trademark examining attorney, and if the Statement of Use is approved, then the application issues as a trademark registration.

Trademark Automation:

A goal of the PTO is to automate trademark processing to improve search effectiveness and to provide a full text data base of applications and registrations for use by PTO personnel and the public. Automation of trademark operations began in FY 1982. The Trademark Reporting and Monitoring (TRAM) system was implemented in April 1983. TRAM was developed by PTO personnel and operates on a UNISYS A-16 computer system. TRAM, an integral part of the examination process, monitors the application as it progresses through the trademark examination pipeline and is the source of all text published in the Trademark Official Gazette and used in X-Search. The T-Search automated search system, implemented in August 1986 using ORBIT search and T-MARK user interface software, was the primary word and image mark search tool used by Trademark examining attorneys between FY 1986 and FY 1993. X-Search system version 1.0, implemented in FY 1993, and version 1.1, to be implemented in FY 1995, are designed to replace and solve the limitations of the T-Search system. Further details are included in the Executive Summary and Information Resources chapter of the Long-Range Plan and in the 1995-1999 Planning Progress Report.

Exhibit 12

Trial and Appeal Board:

Congress enacted legislation creating a Trademark Trial and Appeal Board (TTAB) in August 1958. This new law revised the appeal procedure with respect to trademarks. The TTAB decides adversary proceedings involving interference applications, oppositions to registration, concurrent use applications, and cancellation petitions. The TTAB also hears *ex partes* appeals resulting from final refusals of registration by trademark examining attorneys.

Trademark Printing:

After a trademark examining attorney forwards a case for publication, the mark is published in the Trademark Official Gazette for opposition. If an opposition proceeding is filed within 30 days, the case goes to the TTAB for an *inter partes* opposition hearing. If a mark filed under the use and foreign-based provisions of the Act is not opposed, the mark is registered, a certificate of registration is printed and mailed to the applicant, copies are made for sale to the public by the Government Printing Office (GPO), a notice of registration is printed in the Official Gazette, and a record of the registration is kept in the PTO. If a mark filed under the intent-to-use provision is not opposed, a Notice of Allowance will be issued. If a Statement of Use is filed and accepted, a notice of registration is printed in the Official Gazette and a record of the registration is maintained in the Office.

Trademark Quality Review:

The Trademark Quality Review program was established in FY 1989 to evaluate and monitor trademark examination quality to assist in determining if substantive and procedural adjustments are necessary. The Office of Trademark Quality Review conducts continuous full quality reviews of at least four percent of the applications received the previous year. The applications reviewed are in various stages of prosecution, including those that have registered or abandoned. The applications are selected by computer-generated random samples.

The reviewer considers the propriety of the trademark examining attorney's action during the prosecution of the application, including the application of substantive statutory criteria for registrability; the adequacy of the search for confusingly similar marks; the adherence to approved examining procedures; and the application of judicial precedents. The office provides information to trademark managers and trademark examining attorneys on the results of its review. It also makes recommendations for maintaining or improving the quality of trademark examination. Further details are included in the Executive Summary, and in the Quality chapter of the Long-Range Plan and the 1995-1999 Planning Progress Report.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
SUMMARY OF WORKLOAD AND PERFORMANCE DATA
FY 1992 - FY 1995

Performance Measure:	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Trademark Examination:				
First Examination:				
Applications (beginning inventory)	170,236	157,342	158,131	156,431 /2
Applications received	125,237	139,735	148,000	157,000
Use Registrations Issued	(59,346)	(66,372)	(68,600)	(72,800)
Notices of Allowance Issued	(42,432)	(53,053)	(60,400)	(63,200)
Applications Abandoned	(26,435)	(19,521)	(20,700)	(22,000)
Applications (ending inventory)	157,342 /1	158,131	156,431 /2	155,431
Change in Inventory	(12,894)	789	(1,700)	(1,000)
Intent to Use:				
Notices of Allowance (NOA) (Beginning Inventory)	18,729	35,829	45,030	55,330
NOA Issued	42,432	53,053	60,400	63,200
Statements of Use accepted	(14,275)	(25,637)	(30,200)	(31,600)
Abandonments	(6,702)	(18,015)	(19,900)	(20,900)
NOA (Ending Inventory)	35,829 /1	45,030	55,330	66,030
Change in Inventory	17,100	9,201	10,300	10,700
Statements of Use (SOU)/Second Examination:				
SOU Applications (Beginning Inventory)	2,831	6,681	9,552	14,452
SOU Applications Received from ITU	14,275	25,837	30,200	31,600
ITU Registrations Issued	(10,345)	(19,750)	(21,700)	(23,000)
Abandonments	(80)	(3,216)	(3,600)	(3,800)
SOU Applications (Ending Inventory)	6,681	9,552	14,452	19,252
Change in Inventory	3,850	2,871	4,900	4,800
Total Trademark Inventory - EOY	199,852	212,700	226,200	240,700

/1 Inventory number is from actual TRAM count of fee-paid applications
/2 Inventory number is updated from 167,800 in the Appendix of the President's budget.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
SUMMARY OF WORKLOAD AND PERFORMANCE DATA
FY 1992 - FY 1995

Performance Measure:	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Trademark Examination:				
Examination Measures:				
Examiner First Actions (First Examination)	136,047	131,191	145,900	154,800
Examiner Disposals (First Examination)	137,375	113,682	140,800	145,300
Examiner First Actions (SOU/Second Exam.)	11,734	15,930	22,700	23,700
Examiner Disposals (SOU/Second Exam.)	12,372	22,468	25,300	26,800
Total Certificates of Registration	62,067	74,349	78,900	83,700
Total Registrations (Classes)	69,691	86,122	90,300	95,800
Total Abandonments (Classes)	35,217	40,752	44,200	46,700
Trademark Pendency: (in months)				
Pendency to first action for all cases	3.1	4.0	3.0	3.0
Pendency to registration/abandonment	15.1	14.4	13.8	13.8
Trademark Trial and Appeal Board:				
Received	5,192	5,855	5,800	6,000
Disposed	(3,547)	(3,501)	(4,900)	(5,100)
Pending	8,482	10,836	11,736	12,636
Trademark Quality Review				
Cases reviewed	4,980	5,175	4,820	5,100

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Examination of Trademarks	439	428	$33,588	462	444	$34,544	+23	+16	+$956

Trademark Examination: (+23 Permanent Positions, +16 FTE, +$956,000)

The examination of a trademark application essentially conforms to an "assembly line" or "pipeline" concept. There are four phases of examination: (1) pre-examination, where the application receives an administrative review; (2) examination, where the application is formally examined by a professional trademark attorney and a decision on registrability is rendered; (3) post-examination, where the registered trademark is published and disseminated to the public; and (4) post-registration, which allows the maintenance of the registered mark as long as the mark is in use.

The PTO is proposing an increase of twenty-three positions, sixteen FTE and $956,000 to fund the Examination of Trademarks. The Trademark Process is totally driven by workloads and supported by user fees. Receipts of Trademark applications will increase from 148,000 in FY 1994 to 157,000 in FY 1995.

Personnel changes include an increase in the number of examining attorneys and other technical positions that support the Trademark pipeline. In the law offices, additional attorney positions are requested to meet increasing examination workloads, as well as to address the effects of an increase in the number of examiner action credits to account for Statement of Use (SOU) examination, and to maintain quality and pendency goals. There is a net reduction in the number of administrative staff personnel due to savings from the installation of a voice-mail system, and from workload offsets due to the increased use of personal computers by examining attorneys. Additional paralegals, mail clerks, and file clerks are needed in pre- and post-exam areas to address increased workloads, especially as many Intent-to-Use items enter the post-examination phase (+23 positions, +16 FTE, +$547,000).

Contract funds are requested for pre- and post-examination key-entry of application information into the TRAM database system (+$250,000). Other resources are needed to accommodate expanded staff and workload, including increases in equipment, training, supplies, and printing (+$159,000).

There are no initiatives in FY 1995 for Trademark Automation.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of Federal Government, the PTO also requests a reduction of $15,000 for administrative savings; $8,000 of this savings is attributed to the examination of trademarks and $7,000 to Trademark Automation. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Exhibit 13

Benefit(s):

- Providing timely decisions allows businesses and individuals to plan development and marketing of products and services.
- Promotes the Department missions to ***"Open and Expand Foreign Markets and Increase U.S. Exports"*** and to ***"Enhance Technological Development and Commercialization"*** by (1) registering trademarks in a timely and high quality manner to ensure Federal protection of words, symbols, and devices used by businesses to identify and distinguish goods and services offered to the public; and (2) granting Federal protection for valid trademarks thereby promoting commercialization of products and services both in the United States and abroad. This protection is especially important to prevent foreign counterfeiting of U.S. name-brand products abroad and commercialization of these pirated trademarks both in the U.S. and abroad.
- Trademark Pendency will reach 3.0 months to first action and 13.8 months to registration/abandonment in FY 1995.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity:	Trademark Process
Subactivity:	Examination of Trademarks
Program Change:	Trademark Examination

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
Examining Attorneys		GS-12	7	$42,003	$294,021
Mail Clerks		GS-05	8	19,116	152,928
File Clerks		GS-05	5	19,116	95,580
Application Examiners		GS-05	5	19,116	95,580
Paralegals		GS-07	2	23,678	47,356
Application Clerks		GS-05	5	19,116	95,580
Administrative Clerks		GS-04	(9)	17,086	(153,774)
Total Positions and Salaries		...	23	...	627,271
Plus: FY 1995 Pay Raise Adjustment	1.20%		...		+ 7,527
Subtotal - Adjusted Salaries			23		634,798
Less: Lapse			- 7		- 210,798
Total Full-Time Permanent			18		$424,000

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	18
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	18
Authorized Positions:	
Full-Time Permanent	23
Other Than Full-Time Permanent	0
Total Authorized Positions	23

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Trademark Process
Subactivity:	Examination of Trademarks
Program Change:	Trademark Examination

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$424
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	424
12.0	Civilian Personnel Benefits	123
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	28
25.1	Consulting Services	0
25.2	Other Services	296
25.3	Purchase of Goods and Services from Government Accounts	0
26.0	Supplies and Materials	30
31.0	Equipment	55
99.0	Total Obligations	$956

Excludes administrative savings of $15K, which are presented on page 127.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Trademark Trial and Appeal Board	48	48	$2,989	55	53	$3,279	+7	+5	+$290

Trademark Trial and Appeal Board: (+7 Permanent Positions, +5 FTE, +$290,000)

This initiative will fund an increase of seven positions, five FTE and $290,000 in FY 1995. These resources are necessary in order to meet increasing workloads. The TTAB will receive 6,000 new cases in FY 1995. Cases to be disposed must increase to 5,100 in order to meet pendency goals. These resources would provide for support and professional staff necessary to handle these workloads, including legal/administrative clerks and an interlocutory attorney. The Trademark Trial and Appeal Board hears cases of applicants appealing the decision of an examining attorney to disallow an application, and oppositions filed by a third party against an application allowed by an examining attorney. Cases pending before the Trademark Trial and Appeal Board are included in trademark pendency measures. Funding for this initiative will provide the resources necessary to fully fund a critical part of the trademark process.

Benefit(s):

- Timely disposal of cases allows applicants to plan for product development and marketing.
- Promotes the Department missions to ***"Open and Expand Foreign Markets and Increase U.S. Exports"*** and to ***"Enhance Technological Development and Commercialization"*** by (1) registering trademarks in a timely and high quality manner to ensure Federal protection of words, symbols, and devices used by businesses to identify and distinguish goods and services offered to the public; and (2) granting Federal protection for valid trademarks thereby promoting commercialization of products and services both in the United States and abroad. This protection is especially important to prevent foreign counterfeiting of U.S. name-brand products abroad and commercialization of these pirated trademarks both in the United States and abroad.
- Timely resolution of TTAB cases contributes to the pendency goal to registration/abandonment of 13.8 months.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity:	Trademark Process
Subactivity:	Trial and Appeal Board
Program Change:	Trademark Trial and Appeal Board

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
Interlocutory Attorney		GS-15	1	$69,427	$69,427
Legal Clerk (typing)		GS-06	5	21,805	109,025
Legal Clerk		GS-06	1	21,308	21,308
Total Positions and Salaries		...	7	...	199,760
Plus: FY 1995 Pay Raise Adjustment	1.20%		...		+ 2,397
Subtotal - Adjusted Salaries			7		202,157
Less: Lapse			- 2		- 52,894
Total Full-Time Permanent			5		$149,263

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	5
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	5
Authorized Positions:	
Full-Time Permanent	7
Other Than Full-Time Permanent	0
Total Authorized Positions	7

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Trademark Process
Subactivity:	Trial and Appeal Board
Program Change:	Trademark Trial and Appeal Board

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$149
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	149
12.0	Civilian Personnel Benefits	43
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	16
25.1	Consulting Services	0
25.2	Other Services	62
25.3	Purchase of Goods and Services from Government Accounts	0
26.0	Supplies and Materials	20
31.0	Equipment	0
99.0	Total Obligations	$290

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Trademark Printing	0	0	$1,700	0	0	$1,793	0	0	+$93

Trademark Printing: (0 permanent positions, 0 FTE, +$93,000)

This request for an increase of $93,000 is necessary to address the increased volume in the number of certificates of registration and the increase in cases published for opposition. Allowed trademarks are publicly disseminated for opposition, notice of allowance, or registration. This increase will be necessary for printing 83,700 certificates of registration and publishing 106,000 cases in FY 1995. This is the final stage of the trademark examination pipeline wherein an examined trademark application is published for opposition and registration. Trademark registration provides the trademark owner with Federal protection for his or her product or service in national and world-wide markets.

Benefit(s):

- Allow PTO to continue to provide high-quality, timely, and professional trademark publications and certificates of registration to its national and international customers.
- Promotes the mission of the Department to "*Open and expand foreign markets and increase U.S. exports*" by providing Federal protection for registered marks in all markets; to ensure that customers procure a product and its manufacturer associated with a registered mark, or service; and to control marketing of products using counterfeited U.S. trademarks.
- Promotes the Department mission to "*Enhance technological development and commercialization*" by providing owners of registered trademarks with Federal protection for the marketing of the mark or service.

Exhibit 15

Department of Commerce
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Trademark Process
Subactivity:	Trademark Printing
Program Change:	Trademark Printing

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$0
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.6	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	0
12.0	Civilian Personnel Benefits	0
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	93
25.1	Consulting Services	0
25.2	Other Services	0
25.3	Purchase of Goods and Services from Gov't Accounts	0
26.0	Supplies and Materials	0
31.0	Equipment	0
99.0	Total Obligations	$93

Exhibit 10

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM AND PERFORMANCE
(Dollar amounts in thousands)

Activity: Information Dissemination

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase / (Decrease) From 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Information Dissemination:											
Application Services	Pos./BA	450	$19,865	438	$17,248	435	$19,016	459	$20,585	24	$1,569
	FTE/Obl	402	18,239	421	18,874	396		414		18	
Customer Services	Pos./BA	219	15,938	216	12,897	216	14,879	209	14,601	(7)	(278)
	FTE/Obl	209	15,231	215	13,604	203		198		(5)	
Publication and Dissemination Services	Pos./BA	136	8,623	138	8,152	136	9,545	140	9,009	4	(536)
	FTE/Obl	128	8,494	133	8,281	130		133		3	
Data and Document Retrieval Systems	Pos./BA	355	33,299	350	34,089	342	37,172	349	47,733	7	10,561
	FTE/Obl	358	32,564	344	34,824	337		341		4	
Total Direct Obligations	Pos./BA	1,160	77,725	1,142	72,386	1,129	80,612	1,157	91,928	28	11,316
	FTE/Obl	1,097	74,528	1,113	75,583	1,066		1,086		20	
Less: Financing from Offsetting Fees	BA		60,531		58,845		80,612		91,928		11,316
	Obl.		59,792		58,845						
Less: Prior Year Unobligated Balance	BA		687		0		0		0		0
	Obl.		0		3,197						
Less: Recoveries of Prior Year Obligations	BA		1,771		0		0		0		0
	Obl.		0		0						
Financing from Appropriated Funds	BA		14,736		13,541		0		0		0
	Obl.		14,736		13,541						
Less Appropriation from Special Fund for Surcharges on Fees	BA		14,736		13,541		0		0		0
	Obl.		14,736		13,541						
General Fund Appropriation Requested	BA		$0		$0		$0		$0		$0
	Obl.		0		0						

EXHIBIT 12

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Information Dissemination

Goals and Objectives

Department of Commerce Mission:

The PTO programs described under this budget activity directly support the following missions of the Department:

- *Open and expand foreign markets and increase U.S. exports* by provision of Federal protection to patented products, services, and ideas through the patent pre- and post-examination processes and through the provision of patent classification and search services to assist patent examiners, particularly in the biotechnology and computer-related fields; and,
- *Enhance technological development and commercialization* by the issuance of timely and high quality patents and by the dissemination of patented products, services, and ideas through automated and other media.

Priorities and Goals:

- Providing for the administrative examination of national and international patent applications in an expeditious manner to ensure issuance of valid patents.
- Promoting patent quality through the classification of domestic and foreign patent search files required for examination, and the provision of manual and automated search tools, particularly in the biotechnology and computer-related areas.
- Preparing allowed patents for issue and trademarks for registration while maintaining low pendency times.
- Dissemination of patent and trademark information to the public through publication of the Official Gazette, sale of patent and trademark copies, maintenance of public search facilities at the PTO, support for Patent and Trademark Depository Libraries nationwide, and provision of information products in electronic form, including dissemination through national information superhighways.

Objectives:

- Enhance dissemination of patent and trademark information to the user community through the use of automated systems.
- Provide timely and high quality pre-examination of patent and trademark applications.
- Efficiently process allowed patent applications.
- Maintain patent and trademark search facilities, instruct the public in their use, and fill requests for copies of official documents.

Exhibit 12

- Maintain a current and accessible patent subject matter classification system for use in locating prior art; ensure the integrity of related search files and data records; and facilitate retrieval of technical information through automated patent search systems.
- Disseminate patent and trademark information through the Patent and Trademark Depository Library network, the technology assessment and forecast programs, and through electronic media, including national information superhighways.
- Maintain collections of manual and automated technical information resources for use by examiners and the public, maintain a foreign patent collection, and provide translations of foreign language patent-related documents.

Base Program

Application Services

Pre-examination processing of patent and trademark application involves the administrative handling of applications from receipt in the PTO until delivery to a Patent Examining Group for examination or to the Office of Trademark Services. Pre-examination includes the initial review of patent and trademark applications and drawings for compliance with requirements of form and content; determination of the adequacy and acceptability of statutory administrative fees; preliminary processing of all fee and non-fee related documents and orders; assignment of an official filing date and application number to applications; and inputting of patent bibliographic data into the Patent Application Locator Monitoring (PALM) system.

Funds also are provided for pre- and post-examination of applications received under the Patent Cooperation Treaty (PCT). Patent applications received under the terms of the PCT are administratively examined and, after formal search and, when requested, preliminary examination, are forwarded to the World Intellectual Property Organization (WIPO) in Geneva, Switzerland.

Customer Services

The Customer Services activity include document fulfillment services, assignment functions, patent maintenance services, and the management of public search facilities that provide information on patents and trademarks, including assignment information.

The Patent Search Room contains a cross-referenced set of U.S. patents issued since 1790. This file has been growing by half a million documents a year, and is currently used by about 500 people daily. In late FY 1993, the Patent Search Room deployed APS-Classified Search and Image Retrieval (CSIR) workstations to enable the public to conduct searches by key word or classification in both image and text format, for a fee. The data base of text searchable patents contains all U.S. Patents issued since 1970.

The Trademark Search Library is a public search facility for trademarks. This search file includes current registrations, as well as applications for registration. Approximately 100 visitors use the facility daily. Paper and automated search files are available to the public.

In the assignment search rooms members of the public can access information showing the chain of ownership for pending or registered trademarks and for issued patents.

Exhibit 12

In addition, the 77 Patent and Trademark Depository Libraries (PTDLs) located around the country maintain collections of U.S. patents and trademarks and assist the public in using these collections. PTDLs disseminate to their users more than two million patent copies annually. Patent and trademark information is provided to the PTDLs on paper, microform or CD-ROM, and to 14 pilot-site PTDLs on-line via APS.

Further details are included in the Information Dissemination chapter of the Long-Range Plan and the FY 1995-1999 Planning Progress Report.

Publication and Dissemination Services

Publication and Dissemination Services include post-examination functions that occur after patent examiners allow applications, and involve functions associated with the preparation for issue of U.S. patents. Certificates of correction are issued to correct patents when requested by the patentee. In addition, two weekly editions of the Official Gazette (one for patents and one for trademarks) are published to disseminate information to the public.

Publication and Dissemination Services also include the patent and trademark copy sales function. The PTO sells copies of patents and trademarks to members of the public, businesses and other Government agencies for a fee. Patent copies are now generated from the Automated Patent System (APS).

Data and Document Retrieval Systems

Patent Classification and Search System Services:

The programs under this activity include functions required to maintain and update a subject matter classification system for U.S. and foreign patents and related technical literature that is vital to the patent examination process. The current patent examiner search files, containing more than 17.5 million U.S. patents, 15.1 million foreign patent documents, and about 1.5 million technical literature documents, are continually growing. A concentrated effort is being made to reclassify the files by expanding the number of classifications for new technologies by subdividing the expanding search files of patents and technical literature into technologically up-to-date and smaller, more efficiently searched, classification groups. This is necessary to cope with the increasing complexity of the technology and the growing size of the search file. The classification operation includes the following activities: classification of original references (ORs), reclassification of selected segments of the search files, classification dispute management, classification of new foreign documents, clerical/contract reclassification support for both U.S. and foreign patent documents, search file quality improvement, computer support of classification operations including maintaining the master classification files, editing, preparation and publishing of search support manuals, and definitions and indexes.

The PTO participates in international activities, including the Permanent Committee on Industrial Property Information of the World Intellectual Property Organization (WIPO), bilateral exchanges under USC 12, trilateral matters involving the European Patent Office, the Japanese Patent Office, and maintenance of the International Patent Classification (IPC) system.

Exhibit 12

The Scientific and Technical Informational Center (STIC) provides services to the Patent Examining Corps and the public. STIC functions include cataloging, fulfilling technical literature document orders, managing commercial database services, on-line searching of commercial and in-house databases, with special emphasis on search tools to assist patent examiners in searching biotechnology and computer-related patent applications, handling biotechnology computer operations, translation services, receiving and managing foreign documents, and providing foreign patent copy and reference services.

In response to the challenges created by increased activity in biotechnology patent applications, a new Patent Examining Group, 180, was formed. Group 180 is a consolidation of most of the arts that comprise biotechnology. A Biotechnology Action Plan was developed to provide high quality examination of biotechnology patent applications and reduce pendency. To provide support for the quality examination of biotechnology patent applications, the Office has implemented several initiatives, including a searcher program, enhancements to the DNA computer system which processes complex biotechnology sequence applications, and completion of the United States' portion of the sequence back-file capture.

Another area that has experienced rapidly increased activity is the computer-related discipline for patent applications. Due to the increased workload and complexity of applications, the use of on-line commercial data base services has increased dramatically. Commercial data bases provide important "state of the art" information and are vital for PTO operations.

Documentation Automation

The PTO is committed to making relevant information available to users in electronic form through the use of automated systems. Automated information dissemination ultimately will allow the users to access Full Text Search, Classified Search and Image Retrieval and patent image files throughout the U.S. These electronic information sources include the PTO's internal information resources and those of other foreign patent offices. CD-ROM technology products provide the PTO with another channel to disseminate information to the user. CD-ROM products are an alternative to on-line public access to PTO data. The Office of Information Systems designs and distributes information in electronic form. For example, in FY 1992 APS text search was deployed on a test basis among 14 selected PTDLs. Evaluation of the testbed will continue in FY 1994. The PTO will propose in this budget development efforts to provide electronic access to PTO information via national information superhighways. Further details are included in the Long-Range Plan (Information Resources and Information Dissemination chapters), and the 1995-1999 Planning Progress Report.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
SUMMARY OF WORKLOAD AND PERFORMANCE DATA
FY 1992 - FY 1995

Performance Measure:	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Information Dissemination:				
Application Services:				
Mail documents processed	4,906,301	4,290,568	4,419,300	4,551,900
Files processed	581,715	846,633	690,400	723,000
Applications microfilmed	177,442	180,281	193,500	200,100
Deposit account transactions processed	650,152	483,768	603,200	627,300
Cash receipt transactions processed	959,297	977,018	1,067,100	1,099,100
PCT applications received in Receiving Office	10,929	12,389	14,300	16,400
PCT applications received Chapter II IPEA	5,084	6,601	7,300	8,300
PCT appl'n requirements rec'd/Designated Offi	6,835	7,441	8,000	9,000
Customer Services:				
Certified copies (applications as filed)				
regular service	72,824	67,983	64,200	66,400
expedited service	24,817	26,416	25,900	26,800
Other certified and uncertified patent and trademark documents	23,217	24,251	25,400	26,300
New patents filed	406,711 1/	359,791 1/	428,600 1/	437,500 1/
Reclassified patents filed	520,793 1/	574,157 1/	443,689 1/	457,000 1/
New trademark registrations filed	176,256 1/	218,826 1/	194,300 1/	203,300 1/
New trademark drawings filed	282,643 1/	324,289 1/	293,000 1/	326,000 1/
Updating trademark bound volumes	53,684 1/	60,092 1/	63,698 1/	67,520 1/
Assignment properties processed	237,132	262,105	273,700	278,400
Assignment title reports/Abstracts of title	41,867	28,419	1,200 2/	1,250
Patent maintenance fees processed	136,316	152,842	151,600	194,000
Post-issuance documents recorded	57,900	97,146	77,700	81,600
Patent and Trademark Depository Libraries	74	75	80	83

1/ To be partially or completely accomplished by contractor personnel
/2 Processing internal requests for assignment title reports will be phased out

DEPARTMENT OF COMMERCE
Patent and Trademark Office
SUMMARY OF WORKLOAD AND PERFORMANCE DATA
FY 1992 - FY 1995

Performance Measure:	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Information Dissemination:				
Publications and Dissemination Services:				
Certificates of correction processed	21,169	21,040	19,800	20,500
Patent and trademark copies	1,645,216 1/	1,195,164 1/	1,253,000 1/	1,253,000 1/
Data and Document Retrieval Systems:				
Original references professionally reclassified	118,339	127,449	129,000	133,000
Original references clerically processed	121,184 1/	124,758 1/	125,300 1/	130,300 1/
New foreign patents processed into the files	442,001	447,050	434,500	439,900

1/ To be partially or completely accomplished by contractor personnel

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Application Services	435	396	$19,016	459	414	$20,588	+24	+18	+$1,572

The requested application services increase in this line item can be summarized as follows:

	Personnel	FTE	Amount
Mail Processing	+1	+1	+$445
PCT Processing	+23	+17	+1,127
Total..	+24	+18	+$1,572

Pre-Examination: (+24 permanent positions, +18 FTE, +$1,572,000)

The initiative for application pre-examination services addresses the FY 1995 costs of administratively examining an application through the Mail Room, as well as the management of programs required under Chapters I and II of the Patent Cooperation Treaty (PCT).

The examination of a patent and trademark application can be characterized as an intellectual property "assembly line" or a "pipeline." There are three phases of examination: (1) pre-examination, where the application receives an administrative review; (2) examination where the application is formally examined by a professional patent examiner or trademark attorney and a decision on a patentability or registrability is rendered; and, (3) post-examination where the issued patent or registered trademark is disseminated to the public.

All of these processes are totally workload driven and are supported totally by user fees. In simplest of terms, a user pays the agency to examine its patent or trademark application and the agency secures the necessary resources to provide the needed services and final end-products. Resources include the use of federal employees to provide the needed services. Hence, this initiative requests additional administrative technicians to administratively examine applications. Without these positions, the examination processes cannot examine applications in a timely manner and cannot respond to customer expectations of quality and timely services. The mission of the Department to "*Enhance technological development and commercialization*" is promoted by PTO progress in expeditiously examining patent and trademark applications. The PTO cannot fulfill this mission without adequate resources, ***which are completely paid for by users and are not dependent upon general taxpayer revenues.***

A patent or trademark application is received in the Correspondence and Mail Division where the application undergoes an initial administrative review, receives an official filing date, has fees coded, and is serialized in either the PALM or TRAM systems. This initial step is an integral part of the patent and trademark pipeline process and contributes to patent and trademark pendency. In FY 1995, this function will be increased by one position, one FTE, and $445,000, as FY 1995 funding supports the processing of 357,100 applications (185,000 utility, plant and reissue patent applications; 15,100 design patent applications; and

Exhibit 13

157,000 trademark cases) as opposed to the FY 1994 estimate of 341,500 applications (179,000 utility, plant, and reissue patent applications; 14,500 design patent applications; and 148,000 trademark cases). With these additions, FY 1995 resources will be aligned with the revised application workloads.

In FY 1993, the Patent Cooperation Treaty (PCT) function was reorganized in its entirety in order to address growing workloads with improved procedures and better accountability established in compliance with guidance and directives from the World Intellectual Property Organization. An increase of 23 positions, 17 FTE, and $1,127,000 is requested for the administrative review of applications filed under PCT to process a 14 percent increase in the volume of applications. The PCT Office is responsible for all activities involved in the review, clearance, and approval of international patent applications before technical examination by the Patent Examining Corps. The Division corresponds with domestic and foreign applicants on completing the administrative requirements for processing applications under the PCT and U.S. statutes. The Division ensures that the legal rights of applicants are protected and establishes policies and procedures regarding the administrative handling of domestic and foreign applications under the PCT. The requested increase is necessary for the PTO to meet mandatory requirements under Chapters I and II of the PCT. A failure on the part of the PTO to promptly address incoming applications within the fixed timetable established by the PCT could mean that an applicant loses his/her ability to receive a filing date in a foreign nation which is also a PCT member.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government, the PTO also requests a reduction of $3,000 for administrative savings. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Benefit(s):

- Support the Department mission to "***Enhance technological development and commercialization***" by securing intellectual property rights for patent and trademark applicants. Inherent in this support is the promotion of the Secretary's initiative for "***Customer-Service and Information Flow***" through protection of the customer's intellectual property rights and the dissemination of new technologies from issued patents.
- Maintain a low patent pendency rate by ensuring that the pre-examination processing pipeline of 30 days is maintained.
- Maintain low trademark pendency rates for first action notices and registration (for use cases) by the expeditious review of trademark applications in the Correspondence and Mail Division.
- Fulfill all requirements of the Patent Cooperation Treaty.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity:	Information Dissemination
Subactivity:	Application Services
Program Change:	Increased Workload

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
Examiner - Paralegal		GS-11	23	$35,045	$806,035
Serializer - Typing		GS-04	1	17,086	17,086
Total Positions and Salaries		...	24	...	823,121
Plus: FY 1995 Pay Raise Adjustment	1.20%		...		+ 9,877
Subtotal - Adjusted Salaries			24		832,998
Less: Lapse			- 6		- 200,998
Total Full-Time Permanent			18		$632,000

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	18
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	18
Authorized Positions:	
Full-Time Permanent	24
Other Than Full-Time Permanent	0
Total Authorized Positions	24

Exhibit 16

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Information Dissemination
Subactivity: Application Services
Program Change: Increased Workload

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$632
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	326
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	958
12.0	Civilian Personnel Benefits	184
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	0
25.1	Consulting Services	0
25.2	Other Services	360
25.3	Purchase of Goods and Services from Gov't Accounts	0
26.0	Supplies and Materials	70
31.0	Equipment	0
99.0	Total Obligations	$1,572

Excludes administrative savings of $3K, which are presented on page 127.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Customer Services	216	203	$14,879	209	198	$14,609	-7	-5	-$270

The requested customer services change in this line item can be summarized as follows:

	Personnel	FTE	Amount
Search Room Services	+4	+3	+$284
Certification Services	+1	+1	+42
Assignment Services	-12	-9	-596
Total	-7	-5	-$270

Search Room Services: (+4 permanent positions, +3 FTE, +$284,000)

In late FY 1993, the Patent Search Room deployed APS-CSIR workstations whereby the public was able to conduct searches by key word or classification in both image and text format. An increase of four permanent positions, three FTE, and $191,000 is requested for the projected increase in the number of usage hours of the Classified Search and Retrieval (CSIR) system in the public casino over the volume expected in FY 1994. An additional $58,000 is requested for the Patent and Trademark Public Search Rooms, to align resources with the increase in file maintenance workload, and to allow for additional public copying equipment. This initiative will enable the Patent and Trademark Search Rooms to ensure that the files of paper patents and trademarks are kept up to date; that new patents are expeditiously filed; and that files used by the public are returned and filed in the proper location. In addition, $35,000 is requested to provide for adequate resources for costs associated with the Compact Disk/Read-Only-Memory (CD-ROM) and PALM/TRAM equipment access by the public. The Search Room can then meet the goals of timely responses to requests from the public for information on PTO products, services, and problem resolutions. The integrity of files in the Patent and Trademark Search Rooms will be maintained.

Exhibit 13

Certification Services: (+1 permanent position, +1 FTE, +$42,000)

An increase of one permanent position, one FTE, and $42,000 within the Certification Branch will address the anticipated workload increase of expedited service requests from the public for certified copies of patent application files, office records, trademark files and registrations in FY 1995. Requests for certified copies of official PTO documents support customer needs for legal documentation. The request also takes into account an anticipated decrease in the volume of regular service requests for certified copies, and ensures that the Certification Branch does not develop delays in fulfilling customer requests.

Assignment Services: (-12 permanent positions, -9 FTE, -$596,000)

With the automation of the assignment recordation function in early FY 1995, the Assignment Branch will realize efficiencies that result in considerable savings. Thus, a decrease of twelve positions, nine FTE and $596,000 is requested to realign the resources with the volume of assignment services projected for FY 1995. The assignment recordation and search system is important to the business community because it is key to ownership of intellectual property and orderly transfer of rights to corporate assets. The assignment system must be timely and of high quality to support these requirements.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government, the PTO also requests a reduction of $8,000 for administrative savings. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Benefit(s):

- Enable PTO to provide efficient, timely and quality service to the public.
- Increase and maintain substantial U.S. industrial growth, and ensure U.S. ability to compete in international markets thereby supporting the Department's missions to "***Open and expand foreign markets and increase U.S. exports***" and to "***Enhance technological development and commercialization.***"
- Enable PTO to successfully meet the demands of a constantly changing technological society and to meet the demands of customers in this new technological environment.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity: Information Dissemination
Subactivity: Customer Services
Program Change: Increased Workload

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
Technician Information Specialists		GS-11	2	$35,045	$70,090
Library Technician		GS-07	2	23,678	47,356
Certification Clerk		GS-06	1	21,307	21,307
Assignment Clerk		GS-05	(12)	19,118	(229,392)
Total Positions and Salaries		...	(7)	...	(90,639)
Plus: FY 1995 Pay Raise Adjustment	1.20%		...	+	(1,088)
Subtotal - Adjusted Salaries			(7)		(91,727)
Less: Lapse			- (2)	-	(9,727)
Total Full-Time Permanent			(5)		($82,000)

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	(5)
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	(5)
Authorized Positions:	
Full-Time Permanent	(7)
Other Than Full-Time Permanent	0
Total Authorized Positions	(7)

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Information Dissemination
Subactivity:	Customer Services
Program Change:	Increased Workload

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	($82)
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	(1)
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	(83)
12.0	Civilian Personnel Benefits	(23)
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22 0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23 2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	0
25.1	Consulting Services	0
25 2	Other Services	169
25.3	Purchase of Goods and Services from Gov't Accounts	0
26 0	Supplies and Materials	8
31.0	Equipment	(341)
99 0	Total Obligations	($270)

Excludes administrative savings of $8K, which are presented on page 127.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Publication and Dissemination Services	136	130	$9,545	140	133	$9,014	+4	+3	-$531

Patent Post-Examination: (+4 permanent positions, +3 FTE, -$531,000)

This initiative addresses the costs of issuing certificates of correction at the request of patentees. It also addresses the resources required to fulfill the Patent and Trademark Copy Sales function.

The PTO requests an increase of four positions, three FTE and $152,000 to address a four percent increase in the number of certificates of correction requested over FY 1994 estimates. Certificates of correction are requested by patentees, and are totally workload driven. The PTO cannot fulfill this function without adequate resources, which are completely paid for by users and are not dependent upon general taxpayer revenues.

There are significant changes anticipated in the total volume of patent copies sold to the public. Therefore, PTO requests a decrease of $683,000 in contract funding for FY 1995 to align the resources required to fulfill the Patent and Trademark copy sales function at a projected volume of 1,253,000 copies. This represents a 33 percent decrease in the volume of orders received from the public compared to the volume allowed in the base.

There are no significant changes anticipated in the workload of fee-paid patent grants that are processed for printing in the Official Gazette and for issue of U.S. patents. Therefore, no additional resources are requested for this post-examination function.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government, the PTO also requests a reduction of $5,000 for administrative savings. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Benefit(s):

- Support the mission of the Department to "*Enhance technological development and commercialization*" by responding to customer fee-paid requests for corrections to patents. Dissemination of issued patents spurs technological development by opening new ideas and inventions to commercialization.
- Enhance quality of service to customers.
- Enhance quality goals of PTO.
- Ensure the integrity and standards of approved patents and trademarks are maintained.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity: Information Dissemination
Subactivity: Publication and Dissemination Services
Program Change: Patent Post-Examination

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
Patent Clerk		GS-05	1	$19,118	$19,118
Patent Clerk		GS-06	1	21,307	21,307
Patent Clerk		GS-07	1	23,676	23,676
Patent Clerk		GS-08	1	26,224	26,224
Total Positions and Salaries		. . .	4	. . .	90,325
Plus: FY 1995 Pay Raise Adjustment	1.20%		. . .	+	1,084
Subtotal - Adjusted Salaries			4		91,409
Less: Lapse			- 1	-	25,409
Total Full-Time Permanent			3		$66,000

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	3
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	3
Authorized Positions:	
Full-Time Permanent	4
Other Than Full-Time Permanent	0
Total Authorized Positions	4

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Information Dissemination
Subactivity: Publication and Dissemination Services
Program Change: Patent Post-Examination

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$66
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	67
11.8	Special Personnel Services Payments	0
11 9	Total Personnel Compensation	133
12 0	Civilian Personnel Benefits	19
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23 2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24 0	Printing and Reproduction	0
25.1	Consulting Services	0
25.2	Other Services	(683)
25.3	Purchase of Goods and Services from Gov't Accounts	0
26 0	Supplies and Materials	0
31.0	Equipment	0
99 0	Total Obligations	($531)

Excludes administrative savings of $5K, which are presented on page 127.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1996
(Obligations in Thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Data and Document Retrieval Systems	342	337	$37,172	349	341	$47,777	+7	+4	+$10,605

The requested resources in this line item can be summarized as follows:

	Personnel	FTE	Amount
Computer Related Services	0	0	+$500
Classification Services	+7	+4	+1,259
Search Tools	0	0	+660
Information Dissemination Automation	0	0	+8,186
Total..	+7	+4	+$10,605

Computer Related Services: (0 permanent positions, 0 FTE, +$500)

Due to increasing and more complex levels of technology and growing number of patent applications, increased emphasis in the computer related patent disciplines is also on the rise. Due to the amount of searching required in this discipline as well as the biotechnology discipline, commercial data base on-line searches have increased dramatically. Resources in the amount of $450,000 are requested for the additional on-line commercial data base search time and $50,000 for document retrieval services.

Classification Services: (+7 permanent positions, +4 FTE, +$1,259)

Because technology continually changes, PTO patent search files continue to change and expand. In light of this rapid expansion and change, it is essential that we continually modify and modernize our system of classification to insure the issuance of valid patents and to provide the public with easy access to the important information contained in patents. A key ingredient in this process is the Search and Information Resources Administration's reclassification program. This program maintains our patent classification system in a state which reflects changes in technology and is essential to effective examination. It is imperative that our professional and support staffs engaged in the reclassification effort be given

Exhibit 13

the automated tools and other resources they need to insure that patent examiners can promptly and accurately examine applications. It also is essential that applications be routed to the patent examiner most able to provide the best possible examination of that application.

In FY 1995, the PTO has set as its goal the reclassification of 133,000 Original References (ORs) by professional classifiers and the processing of 130,300 reclassified ORs by clerical and contractual staff. PTO's reclassification effort is directed at the most active 25 percent of the OR files on a ten year cycle. This accounts for over half of all cited, searched classifications. Fifty percent of all issuing documents are placed in these classifications. Increased funds are requested in FY 1995 to process an additional 4,000 professional ORs and 5,000 clerical ORs. The search files must be restructured through the reclassification process to support comprehensive, quality searches by the patent examiners.

Corresponding initiatives are also proposed to address increased workloads for processing new U.S. and foreign patents into the search files and to insure that patent applications are routed to the proper Art Unit. Growth in both the number of patents issued and the number of applications filed has resulted in a concurrent growth in the above work areas. Expeditious processing of new patents into the search files is essential to timely and high quality patent examinations. Application classification routing decisions must be timely, as misdirected routing of applications delays examination.

The FY 1995 submission is requesting resources to address professional contractor support that will mandate the requirements analysis and definition for the Classification Data System (CDS) 2.0 module of the Automated Patent System (APS) for $725,000. The PTO requires the use of experienced contractors to lead us in the market analysis of search systems technologies, in the analysis of the applicability of the new search techniques to patent examination and classification, in the necessary prototyping and experimentation needed to select the most appropriate search strategies and information classification techniques to our patent needs, and in carefully expressing the functional requirements of the patent organization in appropriate language to support eventual procurement of the technologies by the PTO automation departments. Envisioned is the complete re-engineering of PTO classification systems and the integration of these systems with the other modules of APS, primarily Classified Search and Image Retrieval (CSIR).

Search Tools: (0 permanent positions, 0 FTE, +$860)

The PTO provides reference services and tools to patent examiners and to the public to assist in the conduct of searches. The availability and scope of the services and tools positively affect the timeliness and quality of issued patents. The PTO makes available to patent examiners and the public a variety of search tools such as references in paper, in microform, or via on-line commercial services. The Patent Search Room allows the public to undertake paper searches prior to formal PTO examination. Patent examiners and other searchers utilize a variety of search tools which are generated by the Search and Information Resources Administration.

Maintenance of the examiner search file is essential to the issuance of high quality patents. The PTO must also provide effective access to certain patent information by Patent Search Room users. As a consequence, a complete Master Classification File (MCF) is necessary to support the Classified Search and Image Retrieval (CSIR) portion of the Automated Patent System (APS). Full deployment of CSIR in the near term necessitates a greater effort in making certain that the MCF contains all patents properly classified for automated searching by the patent examiners and the public. In addition to insuring the integrity of the MCF, file inventory will have the added benefit of enabling the PTO to

Exhibit 13

Maintenance of the examiner search file is essential to the issuance of high quality patents. The PTO must also provide effective access to certain patent information by Patent Search Room users. As a consequence, a complete Master Classification File (MCF) is necessary to support the Classified Search and Image Retrieval (CSIR) portion of the Automated Patent System (APS). Full deployment of CSIR in the near term necessitates a greater effort in making certain that the MCF contains all patents properly classified for automated searching by the patent examiners and the public. In addition to insuring the integrity of the MCF, file inventory will have the added benefit of enabling the PTO to identify documents missing from the paper search file. It also will enable the PTO to respond to patent examiner and public user complaints regarding disintegrity of specific portions of the paper search file. A determination was made that inventorying 5.5 million documents each year in FY 1995 and FY 1996 will, in association with reclassification and file integrity efforts, result in a full review and comparison of the patent examiners' search file and the MCF by the end of FY 1996. The estimated contract costs associated with conducting the 5.5 million documents inventory is $.12 per copy in FY 1995. This will enable the MCF to update APS and provide for better quality searches for both the patent examiners and the public users. Therefore, the FY 1995 initiative proposes increasing file integrity and inventory activities to complete the MCF system in time.

Information Dissemination Automation: (+0 permanent position, +0 FTE, +$8,186,000)

The PTO requests a total increase of $8,186,000 for the Information Dissemination activities under APS. The increase for Data Products and Services Management is for $1,970,000 to disseminate searchable and retrievable electronic patent and trademark information, using CD-ROM technology, to PTO's users. The proposal is to contract, using full and open competition, for the production, documentation and dissemination of CD-ROM discs for PTO's patent and trademark products. Another increase of $823,000 is requested for Access Systems Development and Electronic Information Center Development. This initiative will allow for contractor services for technical support connecting new networks to APS and to establish a centralized location for access to PTO information, such as the bulletin board system.

The PTO requests an increase of $5,393,000 for a major new initiative associated with High Speed Computing and Communications Technology (HSCCT). This is a proposal to establish and fund a multi-year initiative whereby the PTO will develop connectivity to the HSCCT, and make available PTO's technology information and search services to users which also have HSCCT connectivity. This proposal envisions that the PTO will provide fee-for-service access to its automated patent literature text data, image data, and search tools via HSCCT, thereby opening to researchers immediate and structured access to the technology described in patent literature. This initiative encompasses the establishment of hardware facilities and the development of software capabilities and associated documentation which will enable the searching of patent literature available at the PTO by the public remotely via HSCCT. It envisions the development of a full range of capabilities on a graduated release. The initiative also provides for the development of user documentation and training whereby users will be able to effectively search PTO data.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government, the PTO also requests a reduction of $44,000 for administrative savings; $22,000 of these savings are attributed to search and classificaion services and $22,000 is attributed to Information Dissemination Automation. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Benefit(s):

- Promote the Department mission to *"Open and Expand Foreign Markets and Increase U.S. Exports"* by providing patent examiners with specialized search tools in order (1) to issue patents in a timely and high quality manner to insure protection of innovation; and, (2) to grant Federal protection for a valid patent, thereby promoting commercialization of the innovation both in the United States and abroad.
- Promote the Department mission to *"Enhance Technological Development and Commercialization"* by providing patent examiners with specialized search tools to enhance the quality of examination and, hence, for the issued patents for the two highly technological and high demand patenting arts of biotechnology and computer-related inventions.
- Ensure quality of patent examination through the maintenance of the examiner search file.
- Maintain adequate search tools for quality searching.
- Maintain a quality classification system for modern technology.
- Ensure complete update of the MCF by FY 1996.
- Allow for enhanced capability for the PTO to disseminate patent information to the public.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity:	Information Dissemination
Subactivity:	Data and Document Retrieval Systems
Program Change:	Classification and Search Services

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
Patent Classifier		GS-14	2	$59,022	$118,044
Program Manager		GS-13	1	49,947	49,947
Program Analyst		GS-12	1	42,004	42,004
Document Project Assistant		GS-05	2	19,116	38,232
Document Processing Clerk		GS-04	1	17,086	17,086
Total Positions and Salaries		. . .	7	. . .	265,313
Plus: FY 1995 Pay Raise Adjustment	1.20%		. . .		+ 3,184
Subtotal - Adjusted Salaries			7		268,497
Less: Lapse			- 3		- 74,497
Total Full-Time Permanent			4		$194,000

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	4
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	4
Authorized Positions:	
Full-Time Permanent	7
Other Than Full-Time Permanent	0
Total Authorized Positions	7

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Information Dissemination
Subactivity:	Data and Document Retrieval Systems
Program Change:	Classification and Search Services

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$184
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	184
12.0	Civilian Personnel Benefits	56
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	3
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	2
25.1	Consulting Services	725
25.2	Other Services	9,217
25.3	Purchase of Goods and Services from Gov't Accounts	0
26.0	Supplies and Materials	10
31.0	Equipment	398
99.0	Total Obligations	$10,605

Excludes administrative savings of $44K, which are presented on page 127.

Exhibit 10

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM AND PERFORMANCE
(Dollar amounts in thousands)

Activity: Executive Direction and Administration

		1993 Actual		1994 Currently Available		1995 Base		1995 Estimate		Increase / (Decrease) From 1995 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction and Administration:											
Commissioner	Pos./BA	10	$762	15	$816	14	$1,069	14	$1,069	0	$0
	FTE/Obl	7	567	16	1,010	14		14		0	
Solicitor	Pos./BA	32	2,602	30	2,562	31	3,021	31	3,021	0	0
	FTE/Obl	30	2,520	30	2,644	29		29		0	
Legislation & International Affairs	Pos./BA	27	1,905	34	1,719	28	2,283	28	2,283	0	0
	FTE/Obl	20	1,766	30	1,655	21		21		0	
Management Planning	Pos./BA	163	11,376	166	11,130	163	12,588	163	12,584	0	(4)
	FTE/Obl	159	10,659	163	11,647	160		160		0	
Administrative Services	Pos./BA	67	3,894	65	3,736	64	4,394	64	4,394	0	0
	FTE/Obl	67	3,655	71	3,975	67		67		0	
Automation	Pos./BA	231	21,624	202	20,763	202	22,125	202	23,144	0	1,019
	FTE/Obl	195	21,079	199	21,328	192		192		0	
Space Acquisition and Management	Pos./BA	6	49,661	3	43,896	4	44,936	4	45,624	0	688
	FTE/Obl	4	38,475	4	55,102	4		4		0	
Total Direct Obligations	Pos./BA	536	91,844	515	84,640	506	90,416	506	92,119	0	1,703
	FTE/Obl	482	78,923	512	97,561	487		487		0	
Less: Financing from Offsetting Fees	BA		75,622		67,127		90,416		92,119		1,703
	Obl.		63,316		67,127						
Less: Prior Year Unobligated Balance	BA		368		0		0		0		0
	Obl.		0		12,921						
Less: Recoveries of Prior Year Obligations	BA		249		0		0		0		0
	Obl.		0		0						
Financing from Appropriated Funds	BA		15,605		17,513		0		0		0
	Obl.		15,605		17,513						
Less: Appropriation from Special Fund for Surcharges on Fees	BA		15,605		17,513		0		0		0
	Obl.		15,605		17,513						
General Fund Appropriation Requested	BA		$0		$0		$0		$0		$0
	Obl.		0		0						

Exhibit 12

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Executive Direction and Administration

Goals and Objectives

Department of Commerce Mission:

The PTO programs described under this budget activity directly support the following missions of the Department:

- ***Open and expand foreign markets and increase U.S. exports*** and,
- ***Enhance technological development and commercialization*** by providing the leadership, administrative and automation support, and promotion of intellectual property protection here and abroad which are so necessary for the issuance of high quality patents and registration of high quality trademarks and that are essential to the competitive edge of U.S. business concerns.

Priorities and Goals:

- Managing PTO programs in a manner which promotes high quality, timely, innovative, and cost effective services and products;
- Ensuring that intellectual property law, both in the United States and abroad, protects the interests of U.S. inventors, creators, and businesses;
- Developing advanced automated search, examination and administrative systems to improve the provision of products and services.

Objectives:

- Improve management planning and control processes through automation, systems analysis methodology, and the centralization of financial management and budgetary responsibility.
- Improve the protection of intellectual property rights in the United States and abroad by developing domestic legislation and international agreements.
- Provide support services to all PTO operations promptly and efficiently.
- Administer and manage automation initiatives to aid in developing new search, retrieval and display systems.
- Administer legal, international, legislative, management and automation activities.

Exhibit 12

Base Program

Commissioner

Mission:

The Commissioner, in concert with the Department of Commerce and the Office of Management and Budget, determines the operational policies for the PTO and is responsible for the management of all PTO programs. The Commissioner directs the examination and issuance of patents, the examination and registration of trademarks, and oversees the dissemination of information contained in patent and trademark documents. The Commissioner renders quasi-judicial rulings on patent and trademark documents. The Commissioner renders quasi-judicial rulings on patent and trademark issues arising within the PTO and serves as the Administration's liaison with intellectual property communities, including bar associations, industry, the public, and the Congress. The Office of the Commissioner assists the Department of State, the United States Trade Representative, Department of Commerce in representing the U.S. Government in the development of intellectual property policies, and participates in interagency groups to develop intellectual property recommendations.

History:

On April 10, 1790, President George Washington signed a bill which laid the foundations of the American patent system. The responsibility for granting patents was placed upon a Board consisting of the Secretary of State, the Secretary of War, and the Attorney General. In 1836, the Board was expanded to include the Commissioner of Patents. During the past 204 years, there have been four superintendents and 46 Commissioners at the Patent and Trademark Office. As the duties and responsibilities of the head of the PTO evolved and changed, so did the title. The first commissioner was titled "Chief." The title later changed to "Superintendent," and in 1836 the title became "Commissioner of Patents." In 1975, the title of "Commissioner of Patents" was changed to the "Commissioner of Patents and Trademarks." In October 1982, the Commissioner's status was elevated to Assistant Secretary of Commerce and thus the current title, "Assistant Secretary of Commerce and Commissioner of Patents and Trademarks."

Solicitor

The Office of the Solicitor was created in 1922. The Solicitor is the principal legal advisor to the Commissioner. The Solicitor handles all litigation to which the Commissioner is a party, prepares opinions and decisions on legal questions, and provides legal advice and clearances. The Solicitor is subject to the overall authority of the Department's General Counsel with respect to legal matters involving the PTO, except in connection with the issuance of patents and the registration of trademarks.

The Office of Enrollment and Discipline (OED) considers and decides all applications by individuals seeking to register to practice before the Office in patent cases, develops and administers the requisite examination for registration to practice, and maintains a roster of individuals admitted to practice. OED also investigates possible violations of the PTO Code of Professional Responsibility and takes appropriate action where violations of the Code are found.

Exhibit 12

Legislation and International Affairs

The Assistant Commissioner for External Affairs supervises the Office of Legislation and International Affairs and the Office of Public Affairs.

The Office of Legislation and International Affairs (OLIA) drafts legislative and policy proposals concerning intellectual property matters, prepares supporting documentation to carry out the legislative program and policies of the Commissioner, and reviews and prepares analysis of other legislative proposals concerning intellectual property matters. OLIA prepares Congressional testimony for the Commissioner and other PTO and Departmental officials, serves as a liaison with Congress, the intellectual property associations, industry, and others concerned with proposed and pending legislation.

OLIA is engaged in multilateral and bilateral negotiations to strengthen intellectual property protection worldwide. OLIA promotes international development of intellectual property systems and advocates improvements and more cost-effective means of protecting the intellectual property rights of U.S. nationals throughout the world. Among these efforts are the development and maintenance of multilateral systems for protection of intellectual property rights, assisting in the establishment of bilateral agreements with other intellectual property offices, participating in the intellectual property aspects of trade consultations, promoting the establishment of adequate systems in developing countries for the protection of intellectual property rights, and developing international standards and procedures to make it easier for U.S. nationals to obtain rights in other countries and to facilitate access to the information contained in patent and trademark documents.

The Office of Public Affairs informs the public of the patent and trademark systems and the operation of the PTO by arranging media meetings for the Commissioner and other senior officials, preparing press releases on PTO activities, and preparing printed materials.

Management Planning

Management planning offices implement budget, fiscal, personnel, civil rights and strategic planning policy. Offices included in the management planning function develop and monitor the long and short-term objectives of the PTO, direct the personnel management programs of the PTO including recruitment and retention, position classification and pay administration, employee development, personnel/payroll and time attendance processing, records administration, benefits and employee/labor relations programs; administer civil rights programs and promote equal opportunity programs; operate a management information system providing current and accurate information on PTO program production and achievement of major milestones; and maintain PTO budgetary and financial systems, including a state-of-the-art financial management and accounting system which became operational in FY 1992.

Administrative Services

Support services funded under this line item include copy reproduction services and maintenance of official records, mail and messenger services, procurement support and contract management, supply, property, and photocopier management, telecommunications, occupational health, safety and security management, and travel services.

Automation

Information resources management is focused in this line item. Funds are provided for patent and trademark data base automation, directing, planning and providing automation support for the PTO. Funds also are provided for existing ADP systems as well as for the patent and trademark automation programs, including systems analysis and design, acquisition or development of centralized computer systems, software and automated information systems, installation

Exhibit 12

and test of systems, operation and maintenance of information systems, and operation of general purpose centralized and decentralized ADP and communication equipment.

Space Acquisition and Facilities Management

The PTO leases a total of 1,415,856 square feet of space from General Services Administration (GSA). Fourteen office buildings in Arlington, Virginia, make up a majority of the space held by the PTO. These office buildings represent 1,339,017 square feet of space. Also, the PTO has another 76,839 square feet located in two warehouses in Springfield, Virginia. This space is used for storing patent and trademark files. Since 1986, the PTO has been responsible for the management of seven buildings in Crystal City where we are the major Federal leaseholder in the area. The responsibility for managing these buildings rests with the PTO. Management meets this responsibility by planning, directing, coordinating, monitoring, and administering the PTO's delegation agreement for its real property. GSA delegated responsibility to the PTO when it decentralized its lease management functions. A large portion of PTO's funding obligations consist of annual rental payments and management costs for space. An important function of space management is to ensure PTO's facilities are properly equipped. The PTO has sophisticated automated systems that demand additional electrical and special air conditioning requirements. A majority of the leases held by the PTO in Crystal City will expire in fiscal years 1996-1997. Therefore, space acquisition staff is responsible for overseeing the competition for future PTO housing in cooperation with GSA. Also, space acquisition staff will coordinate all efforts for occupation of the new space, once a location has been decided. Further details are included in the Space chapter of the Long-Range Plan and the 1995-1999 Planning Progress Report.

Exhibit 12

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SUMMARY OF WORKLOAD AND PERFORMANACE DATA

Commissioner:

The Commissioner testified before Congressional committees on general oversight and authorization, the budget, and other legislative proposals. He continued to implement plans to maintain and reduce in specific technologies, patent and trademark application pendency times, and to automate the Patent and Trademark Office. The Commissioner participated in domestic and international patent and trademark activities. As the representative of the Patent and Trademark Office, the Commissioner interacted with various external organizations such as the Public Advisory Committee for Trademark Affairs, the American Bar Association, the American Intellectual Property Law Association, and the Intellectual Property Owners Incorporated. He continued to support the Administration's goal to strengthen intellectual property rights through PTO's active participation in negotiations with the World Intellectual Property Organization, General Agreement on Tariffs and Trade (GATT), and Trade-Related Aspects of Intellectual Property (TRIPs).

Legislation and International Affairs:

The Office of Legislation and International Affairs (OLIA) prepared testimony and urged Congressional action on a wide variety of legislative proposals including those to harmonize national patent laws, to authorize the Office, and to provide compensation to copyright owners whose works are copied using new digital audio technology. In addition, the Office provided technical assistance to the Congressional and the Executive branches on other legislative actions. The Office participated in international efforts to enhance the protection of intellectual property and the administration of intellectual property laws, such as the Diplomatic Conference on the harmonization treaty and various other proposals under discussion under the auspices of the World Intellectual Property Organization. The Office also participated in bilateral negotiations on strengthening intellectual property laws with other countries including Argentina, Hungary, Indonesia, Korea, Poland, The Russian Federation and the other former Soviet Republics, Taiwan, and Thailand. Also, the Office worked with the International Trade Administration within the Department of Commerce, the Department of State, and the Office of the U.S. Trade Representative on trade-related intellectual property issues, such as the negotiation of the international standards within the framework of the GATT and NAFTA, and providing technical assistance in the "Section 301" process.

Automation:

Automated Patent System (APS):
Completed requirements analysis and initial design for the third-generation workstation (3GWS) in FY 1993. APS-CSIR became operational in a shared environment in Groups 120 and 230. Fifteen group printers became operational in a shared environment for patent examiners who work in Crystal Plaza buildings 2, 3, and 4. PTONet became fully operational for APS-CSIR deployment. PTO awarded a contract to an 8 (a) firm to perform early PAM design studies. Began development of Electronic Application System (EASY). Will issue RFP for PAM integration contractor in FY 1994. Began pilot testing of EASY with project teams at the three major patent offices (USPTO, EPO, and JPO) and a limited public user group. Completed Patent and Trademark Copy Sales (PTCS) order entry version 1.1. The CD-ROM demonstration project was completed and the final report was issued to the Congress. Issued a complete set of CD-ROM discs for which data was available for the English language version of Japanese abstracts to the PTDLs. Added two new PTDLs to the nationwide network of libraries. Completed Patent and Trademark Copy Sales order collation version 1.2. APS-CSIR became operational in a public "casino." Classified Search and Image Retrieval capabilities will be deployed among all patent examiners in a desktop environment.

Exhibit 12

Trademark Automation:

Issued a request for procurement for X-Search Version 1.1 ORBIT replacement software in FY 1993. Completed image server software development. Image server was installed and available for loading the image data base. Completed the image data base load. Completed user testing of X-Search Version 1.0. Trademark users performed acceptance testing in accordance with predefined procedures. Completed examining attorney and support personnel user training for X-Search 1.0 and implemented X-Search Version 1.0. In early FY 1994, X-Search Version 1.1 contract was awarded.

Management and Administrative Systems (MAS):

Sensitive security plans were completed and submitted to the Department of Commerce and subsequently revised. A systems inventory was completed and submitted to the Department. A tracking system was established and a verification review process for telecommunications security was completed in FY 1992. This was followed in FY 1993 with a schedule for conducting on-site security reviews of these sensitive systems. Completed all requirements for accreditation of at least twenty percent of the sensitive systems.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
SUMMARY OF WORKLOAD AND PERFORMANCE DATA
FY 1992 - FY 1995

Performance Measure:		1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Executive Direction and Administration:					
Solicitor:					
Cases disposed		118	118	150	155
Freedom of Information Act requests		193	222	195	205
Legal opinions rendered		912	930	875	875
Answers to inquiries		3,336	2,901	3,750	3,800
Notices of Patent and Trademark suits filed		2,487	2,195	2,500	2,500
PTO employee depositions		2	3	10	15
PTO decisions forwarded for publication	/1	137	95	125	130
Enrollment and Discipline:					
Candidates requesting registration		2,845	3,098	3,000	3,050
Total number of registered practitioners		16,639	15,549	17,700	18,200
Disciplinary and enrollment investigations		67	77	75	75
Management Planning:					
Personnel actions processed		17,735	10,828	11,900	12,200
Payroll actions processed		15,437	17,136	19,300	19,800
Space Acquisition and Management:					
Office square feet leased		1,118,065	1,213,650	1,248,993	1,270,107
Non-office square feet leased	/2	206,539	202,206	202,206	202,206
Total square feet leased		1,324,604	1,415,856	1,451,199	1,472,313
Square feet managed		1,052,371	1,118,526	1,146,447	1,163,127

/1 Those Board of Patent Appeals and Interferences decisions selected for publication in patent law journals.
/2 Non-office space includes general storage, health units, food service areas, ADP, conference, and training rooms.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Management Planning	163	160	$12,586	163	160	$12,588	0	0	0

Management Planning: (+0 Permanent Positions, +0 FTE, +$0)

There are no initiatives in FY 1995 for Management Planning.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government, the PTO requests a reduction of $4,000 for administrative savings. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Executive Direction and Administration
Subactivity:	Management Planning
Program Change:	Human Resources Management

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$0
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	0
12.0	Civilian Personnel Benefits	0
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	0
25.1	Consulting Services	0
25.2	Other Services	0
26.0	Supplies and Materials	0
31.0	Equipment	0
99.0	Total Obligations	$0

Excludes administrative savings of $4K, which are presented on page 127.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Automation	202	192	$22,125	202	192	$23,155	0	0	+$1,030

Automation: (+0 permanent positions, +0 FTE, and +$1,030,000)

The PTO requests an increase of $1,030,000 for Management and Administrative Systems (MAS). Enhanced funds will be used to secure contractor assistance in the provision of hardware and software support to users of PTO automated systems. An office automation Help Desk will serve as a single point of contact for all end-users who need advice or assistance with PTO automated systems or services, or encounter problems with their use. Funds will also be required for Operating Systems Support and Technical Support. Enhanced funding is also required for Office Automation and Office Automation Network Services to provide microcomputer support services to the PTO. There are approximately 4,700 units of microcomputer hardware installed throughout the PTO. Scheduled installations could bring this total to nearly 7,000 units by FY 1998. The offices that use this equipment and associated software rely on PTO automation services to provide support functions.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government, the PTO also requests a reduction of $11,000 for administrative savings. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Benefit(s):

- Allows microcomputer users to function effectively even during periods of hardware, software or network problems.

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Executive Direction and Administration
Subactivity:	Automation
Program Change:	EXAD Automation - MAS

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$0
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	0
12.0	Civilian Personnel Benefits	0
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	7
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	2
25.1	Consulting Services	0
25.2	Other Services	1,021
25.3	Purchase of Goods and Services from Government Accounts	0
26.0	Supplies and Materials	0
31.0	Equipment	0
99.0	Total Obligations	$1,030

Excludes administrative savings of $11K, which are presented on page 127.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base			1995 Estimate			Increase/Decrease		
	Personnel	FTE	Amount	Personnel	FTE	Amount	Personnel	FTE	Amount
Space Acquisition and Management	4	4	$44,936	4	4	$45,625	0	0	+$689

Space for New Hires: (0 permanent positions, 0 FTE, +$689,000)

The PTO continues to need additional leased space in the Crystal City complex. In FY 1992 and FY 1993, the PTO acquired several floors of existing buildings to house patent examiners. Additional acquisitions of space in existing buildings will be made in FY 1994 to house patent examiners. During FY 1995, the PTO will hire additional positions as outlined in this budget request; these additional positions will be used for patent applications from emerging technologies, as well as to address growing workloads in other areas of the office. To accommodate these employees, the PTO will need an additional 21,114 square feet of office space. At the FY 1995 rate of $32.62 per square foot, this acquisition will cost the PTO an additional $689,000. Failure to acquire this space will prevent the achievement and maintenance of the PTO's primary goals, as needed staff cannot be hired in FY 1995 without space to accommodate them.

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government, the PTO also requests a reduction of $1,000 for administrative savings. The object class detail and administrative savings summary of these savings are presented in Exhibits 13 and 15 on pages 127 and 128, respectively.

Benefit(s):

- Promote the Department missions to "Open and Expand Foreign Markets and Increase U.S. Exports" and to "Enhance Technological Development and Commercialization" by providing the needed environment to support the hiring of new staff to continue the examination of patent and trademark applications.

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Executive Direction and Administration
Subactivity:	Space Acquisition and Management
Program Change:	Space Acquisition and Management

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$0
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.6	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	0
12.0	Civilian Personnel Benefits	0
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	689
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	0
25.1	Consulting Services	0
25.2	Other Services	0
25.3	Purchase of Goods and Services from Gov't Accounts	0
26.0	Supplies and Materials	0
31.0	Equipment	0
99.0	Total Obligations	$689

Excludes administrative savings of $1K, which are presented on page 127.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
Automation Master Plan Summary

Table 1 bridges from the line item format to the three main systems. These systems are defined as follows:

Automated Patent System
The automation of patent related activities within the PTO through the implementation of the Automated Patent System (APS). APS includes automation of the patent databases which include systems for image and text capture. Cost projections represent current cost estimates of the APS contract, as well as cost estimates for APS contract support. Starting in FY 1991, cost projections include PTO Automation staff and support for APS.

Trademark Automation
The automation of trademark searching activities within the PTO through implementation of the Trademark Search System (T-SEARCH) through 1986, and the automation of trademark processing activities within the PTO through TRAM and T-Search from 1987 on. Starting in FY 1991, cost projections include PTO Automation staff and support for Trademark Automation.

Management and Administrative Systems
Those automation activities which support existing ADP systems and both the patent and trademark automation programs. Included in this category are the automation staff, various support contracts and the existing computer facility and related operations that monitor patent and trademark process flows, and perform accounting and management information functions. Starting in FY 1991 cost projections for PTO automation staff directly supporting the patent automation or the trademark automation programs are included in those systems.

THE REVISED PLAN AMOUNTS INCLUDE PRIOR YEAR UNOBLIGATED BALANCES.

TABLE 1

DEPARTMENT OF COMMERCE
Patent and Trademark Office
REVISED AUTOMATION MASTER PLAN
LINE ITEM CROSSWALK TO NEW SYSTEMS
$000'S—INCLUDES INFLATION OUTYEARS 1996-1999

BUDGET ACTIVITY	YEAR	AUTOMATED PATENT SYSTEM	TRADEMARK AUTOMATION	MANAGEMENT & ADMINISTRATIVE SYSTEMS	PLAN TOTAL	ADJUSTMENTS /CARRYOVER	REVISED PLAN	ACTUAL TOTAL	BALANCE
PATENT PROCESS	1983	1,860	0	1,215	3,075	0	3,075	2,225	850
	1984	5,120	0	1,100	6,220	850	7,070	7,154	(84)
	1985	10,331	0	75	10,406	0	10,406	10,306	100
	1986	13,518	0	700	14,218	329	14,547	14,289	258
	1987	23,945	0	500	24,445	258	24,703	24,790	(87)
	1988	30,379	0	300	30,679	3,002	33,681	32,985	696
	1989	24,667	0	310	24,977	3,453	28,430	27,786	644
	1990	13,062	0	265	13,327	5,818	19,145	19,120	25
	1991	26,579	0	0	26,579	(1,247)	25,332	25,332	0
	1992	49,162	0	3,526	52,688	1,449	54,137	54,137	0
	1993	54,240	0	242	54,482	9,027	63,509	59,475	4,034
	1994	58,398	0	4,486	62,884	4,053	66,937		
	1995	74,923	0	4,548	79,471				
	1996	85,686	0	3,278	88,964				
	1997	83,045	0	3,440	86,485				
	1998	73,406	0	3,491	76,897				
	1999	67,291	0	3,510	70,801				
TRADEMARK PROCESS	1983	0	416	517	933	0	933	517	416
	1984	0	580	0	580	416	996	996	0
	1985	0	305	0	305	200	505	581	(76)
	1986	0	1,133	0	1,133	0	1,133	1,263	(130)
	1987	0	2,085	0	2,085	0	2,085	710	1,375
	1988	0	2,056	0	2,056	1,375	3,431	1,973	1,458
	1989	0	2,126	0	2,126	1,458	3,584	2,509	1,075
	1990	0	1,849	0	1,849	823	2,672	2,443	229
	1991	0	3,330	0	3,330	0	3,330	2,304	1,026
	1992	0	4,447	0	4,447	348	4,795	3,749	1,046
	1993	0	5,606	0	5,606	1,271	6,877	4,305	2,572
	1994	0	5,713	0	5,713	2,572	8,285		
	1995	0	5,797	0	5,797				
	1996	0	5,322	0	5,322				
	1997	0	6,213	0	6,213				
	1998	0	7,157	0	7,157				
	1999	0	10,219	0	10,219				
INFORMATION DISSEMINATION	1983	400	0	100	500	0	500	250	250
	1984	1,180	0	20	1,200	250	1,450	1,230	220
	1985	3,885	0	140	4,025	0	4,025	4,025	0
	1986	8,598	0	0	8,598	0	8,598	8,272	326
	1987	8,595	0	0	8,595	129	8,724	8,914	(190)
	1988	9,318	0	0	9,318	(180)	9,138	9,024	114
	1989	11,598	0	0	11,598	898	12,496	12,310	186
	1990	13,147	0	0	13,147	1,079	14,226	14,226	0
	1991	12,119	0	342	12,461	(100)	12,361	11,180	1,181
	1992	2,817	0	0	2,817	1,228	4,045	4,004	41
	1993	2,843	0	0	2,843	41	2,884	2,667	217
	1994	2,977	0	0	2,977	217	3,194		
	1995	11,303	0	0	11,303				
	1996	7,385	0	0	7,385				
	1997	7,693	0	0	7,693				
	1998	8,018	0	0	8,018				
	1999	8,363	0	0	8,363				

TABLE 1

DEPARTMENT OF COMMERCE
Patent and Trademark Office
REVISED AUTOMATION MASTER PLAN
LINE ITEM CROSSWALK TO NEW SYSTEMS
$000'S—INCLUDES INFLATION OUTYEARS 1996-1999

BUDGET ACTIVITY	YEAR	AUTOMATED PATENT SYSTEM	TRADEMARK AUTOMATION	MANAGEMENT & ADMINISTRATIVE SYSTEMS	PLAN TOTAL	ADJUSTMENTS /CARRYOVER	REVISED PLAN	ACTUAL TOTAL	BALANCE
EXECUTIVE	1983	2,141	0	7,455	9,596	933	10,529	9,596	933
DIRECTION AND	1984	392	225	10,650	11,267	1,218	12,485	12,423	62
ADMINISTRATION	1985	838	2,339	13,145	16,322	0	16,322	15,456	866
	1986	2,500	0	11,501	14,001	2,545	16,546	15,167	1,379
	1987	2,916	0	11,664	14,580	7,716	22,296	20,779	1,517
	1988	8,279	0	14,556	22,835	1,543	24,378	24,184	194
	1989	9,730	0	14,755	24,485	5,179	29,664	26,503	3,161
	1990	9,163	0	13,875	23,038	5,365	28,403	28,088	315
	1991	9,474	0	16,277	25,751	(595)	25,156	24,820	336
	1992	0	0	20,581	20,581	340	20,921	20,846	75
	1993	0	0	21,359	21,359	265	21,624	21,079	545
	1994	0	0	20,783	20,783	545	21,328		
	1995	0	0	23,144	23,144				
	1996	0	0	24,001	24,001				
	1997	0	0	23,147	23,147				
	1998	0	0	23,142	23,142				
	1999	0	0	23,566	23,566				
TOTAL	1983	4,401	416	9,287	14,104	933	15,037	12,588	2,449
	1984	6,692	805	11,770	19,267	2,734	22,001	21,803	198
	1985	15,054	2,644	13,360	31,058	200	31,258	30,368	890
	1986	25,616	1,133	12,201	38,950	2,874	41,824	39,991	1,833
	1987	35,456	2,065	12,184	49,705	8,103	57,808	55,193	2,615
	1988	47,976	2,056	14,856	64,888	5,740	70,628	68,166	2,462
	1989	45,995	2,126	15,065	63,186	10,988	74,174	69,108	5,066
	1990	35,372	1,849	14,140	51,361	13,085	64,446	63,877	569
	1991	45,172	3,330	19,619	68,121	(1,942)	66,179	63,636	2,543
	1992	51,979	4,447	24,107	80,533	3,365	83,898	82,736	1,162
	1993	57,083	5,606	21,601	84,290	10,604	94,894	87,526	7,368
	1994	61,396	5,713	25,278	92,387	7,357	99,744		
	1995	86,226	5,797	27,692	119,715				
	1996	92,971	5,322	27,379	125,672				
	1997	90,736	6,213	26,587	123,536				
	1998	81,424	7,157	26,633	115,214				
	1999	75,674	10,216	27,098	112,988				

---

1 From 1983 - 1990, all personnel costs associated with APS, Trademark Automation, and MAS were centralized in the M account. For those years, therefore, APS and Trademark Automation costs are understated

2 From 1994 -1995, costs associated with Environmental Conditioning activities have been included in the Patent Process budget activity under Management and Administrative Systems.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
Automation Master Plan Summary

Table 2, which follows, takes the three systems' inflated totals from the bottom of Table 1 and divides them into the categories defined as follows:

Baseline Operations
"Baseline Operations" consist of the normal maintenance and refinement of existing automated systems and the associated hardware and software. Resources committed to Baseline Operations permit the evolutionary development of the automated systems as well as the routine replacement of equipment. Additional hardware components associated with normal growth of ongoing operations or staff requiring access to a system are considered to be part of "Baseline Operations."

Development
"Development" activities and initiatives represent new functional capabilities which are not derivable through the normal extension of existing (baseline) capabilities. In some instances developmental activities result in the replacement of existing systems. In other instances, entirely new capabilities may be developed for existing systems.

TABLE 2.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SYSTEMS CROSSWALK TO OPERATIONS AND DEVELOPMENT
($000'S - INCLUDES INFLATION IN OUTYEARS 1996 - 1999)

SYSTEM	YEAR	BASELINE OPERATIONS	DEVELOPMENT	SYSTEM TOTAL	CARRYOVER/ ADJUSTMENTS	SYSTEM TOTAL	ACTUAL TOTAL	BALANCE
	1991			45,172	(1,306)	43,866	43,726	140
AUTOMATED	1992	21,991	29,988	51,979	2,348	54,327	54,286	41
PATENT SYSTEM	1993	32,096	24,987	57,083	9,068	66,151	61,900	4,251
-APS-	1994	33,678	27,688	61,366	4,251	65,617		
	1995	44,910	41,316	86,226				
	1996	46,257	46,714	92,971				
	1997	47,645	43,093	90,738				
	1998	49,074	32,350	81,424				
	1999	50,547	25,127	75,674				
	1991			3,330	0	3,330	2,304	1,026
TRADEMARK	1992	3,497	950	4,447	348	4,795	3,749	1,046
AUTOMATION	1993	4,331	1,275	5,606	1,271	6,877	4,305	2,572
	1994	4,737	976	5,713	2,572	8,285		
	1995	4,944	853	5,797				
	1996	5,092	230	5,322				
	1997	5,245	968	6,213				
	1998	5,402	1,755	7,157				
	1999	5,565	4,651	10,216				
	1991			19,619	(636)	18,983	17,606	1,377
MANAGEMENT AND	1992	23,514	593	24,107	669	24,776	24,701	75
ADMINISTRATIVE	1993	21,601	0	21,601	265	21,866	21,321	545
SYSTEMS	1994	25,278	0	25,278	564	25,842		
-MAS-	1995	27,692	0	27,692				
	1996	27,379	0	27,379				
	1997	26,587	0	26,587				
	1998	26,633	0	26,633				
	1999	27,096	0	27,096				
	1991			68,121	(1,942)	66,179	63,636	2,543
TOTAL	1992	49,002	31,531	80,533	3,365	83,898	82,736	1,162
	1993	58,028	26,262	84,290	10,604	94,894	87,526	7,368
	1994	63,693	28,664	92,357	7,387	99,744		
	1995	77,546	42,169	119,715				
	1996	78,729	46,943	125,672				
	1997	79,477	44,061	123,538				
	1997	81,110	34,104	115,214				
	1998	83,209	29,779	112,988				

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
CHANGES FOR FY 1995 AUTOMATION SUMMARY
(dollars in thousands)

Automated Patent System (APS)

Funding in FY 1995 for the Automated Patent Systems is provided by the following budget activities:

Budget Activity		1995 Base Personnel	1995 Base Amount	1995 Estimate Personnel	1995 Estimate Amount	Increase/Decrease Personnel	Increase/Decrease Amount
Patent Process	Pos.	59	$60,506	59	$75,087 \1	0	$14,581
	FTE	59		59		0	
Information Dissemination	Pos.	19	$3,139	19	$11,325 \2	0	$8,186
	FTE	18		18		0	
TOTAL	Pos.	78	$63,645	78	$86,412	0	$22,767
	FTE	77		77		0	

With the funding provided by this budget request, the following major activities will occur in FY 1995. The PTO will:

- Complete the High Speed Computing And Technology (HSCCT) Connectivity detailed design and the HSCCT Gateway and Server Software Development.
- Publish Information Provider and Public End-User PTO/HSCCT Software Specifications.
- Publish PTO HSCCT Charging Policy and Rules.
- Have implemented a PTO Bulletin Board and Electronic Information Center.
- Prepare to accept patent applications electronically.
- Make the Text Search 1.5 (Interim Capacity Upgrade) operational.
- Deploy CSIR in a desktop environment for examiners.
- Complete APS Systems Integrator Services Acquisition.
- Make the Patent and Trademark Assignment System version 2.0 operational.

\1 Excludes administrative savings of $164K, which are presented on page 127.
\2 Excludes administrative savings of $22K, which are presented on page 127.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
CHANGES FOR FY 1995 AUTOMATION SUMMARY
(dollars in thousands)

Trademark Automation

Funding in FY 1995 for Trademark Automation is provided as follows:

Budget Activity		1995 Base		1995 Estimate		Increase/Decrease	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Trademark Process	Pos.	27	$5,804	27	$5,804 \3	0	$0
	FTE	27		27		0	

With the funding provided by this budget request, the following major activities will occur in FY 1995:

- The PTO will accept strategic planning documents for anticipated implementation of the Madrid Protocol.
- The PTO will complete X-Search version 1.1, which replaces the Orbit mainframe search software.

\3 Excludes administrative savings of $7K, which are presented on page 127.

Management and Administrative Systems (MAS)

Funding in FY 1995 for Management and Administrative Systems is provided by the following budget activities:

Budget Activity		1995 Base		1995 Estimate		Increase/Decrease	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Patent Process	Pos.	10	$3,760	10	$4,548	0	$788
	FTE	10		10		0	
Executive Direction and Administration	Pos.	202	$22,125	202	$23,155 \4	0	$1,030
	FTE	192		192		0	
TOTAL	Pos.	212	$25,885	212	$27,703	0	$1,818
	FTE	202		202		0	

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
CHANGES FOR FY 1995 AUTOMATION SUMMARY
(dollars in thousands)

With the funding provided by this budget request, the following major activities will occur in FY 1995:

- Contractor support to assist in the development of policies and procedures in the area of Quality Assurance, Configuration Management.
- Continuence of a microcomputer hardware and software products procurement program called MICRO I for PTO organizations.
- Increased contractor support for CDS, CRDA, & PALM Systems enhancement.
- Patent Process includes contractor support for Environmental Conditioning acitivities and network enhancements ($1,229,000).

1/ Excludes administrative savings of $11K, which are presented on page 127.

Revised Automation Master Plan Summary
Actual FY 1993 Summary

The following section is included in response to a directive from the House Committee on Appropriations included in the House of Representatives Report No. 98-226 which states:

> "The Committee directs the Patent and Trademark Office to include in each year's budget justification a comparison of the planned costs and benefits and the planned schedule...versus the actual costs, benefits and schedule."

1. Planned versus Actual Costs

The following tables compare plan versus actual obligations in FY 1993 in two ways: by budget activity and by the system categories.

FY 1993 Automation Obligations by Budget Activity
(dollar amounts in thousands)

	Patent Process	Trademark Process	Information Dissemination	Executive Direction and Administration	Total
Budget Plan	$54,482	$5,606	$2,843	$21,359	$84,290
Prior Year Funds/Adjustments	9,027	1,271	41	265	10,604
Total Available	63,509	6,877	2,884	21,624	94,894
Actual Obligations	59,475	4,305	2,667	21,079	87,526
Balance	$4,034	$2,572	$217	$545	$7,368

FY 1993 Automation Obligations by Major System Category
(dollars in thousands)

	Automated Patent System	Trademark Automation	Management and Administrative Systems	Total
Budget Plan	$57,083	$5,606	$21,601	$84,290
Prior Year Funds/Adjustments	9,068	1,271	265	10,604
Total Available	66,151	6,877	21,866	94,894
Actual Obligations	61,900	4,305	21,321	87,526
Balance	$4,251	$2,672	$545	$7,368

Unobligated balances of $7,368,000 in FY 1993 were unavoidable and due primarily to delays in procurement processing.

The following provides more detail on obligations within the major system categories (dollars in thousands):

Automated Patent System: Obligations - $61,900
- The Automated Patent System (APS) prime contract for computer and related equipment, software and contractor services.
- Independent Verification and Validation (I. V. & V.) activities related to the APS prime contract.
- Technical support activities provided by integration and baselines contractors.
- PTO Automation staff for APS.
- Miscellaneous costs related to system management and support.

Trademark Automation: Obligations - $4,305
- T-Search contract for lease and maintenance of equipment and software for T-Search System.
- Trademark share of rental and maintenance of current systems for TRAM.
- Trademark share of Lot B peripheral equipment.
- PTO Automation staff for trademark automation.
- Other miscellaneous expenses.

Management and Administrative Systems: Obligations - $21,321
- Compensation and benefits for PTO Automation staff not under APS or Trademark Automation.
- Rental and maintenance for non-Trademark portion of current systems.
- Support contracts for current systems.
- Travel, shipping, and printing.
- Miscellaneous rentals, supplies, equipment, services and maintenance.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SCHEDULE OF MAJOR AUTOMATION EVENTS
FY 1993 through FY 1995

	1994 Congressional Schedule	1995 Congressional Schedule	Comments
Automated Patent System (APS)			
Classified Image Search and Retrieval:			
Begin load of third group's patent images and 20 yr. backfile to rapid access storage devices	3rd Qtr/1993	3rd Qtr/1993	Completed
Complete load of third group's patent images to rapid access storage devices	3rd Qtr/1993	3rd Qtr/1993	Completed
Complete load of 20 yr. backfile of patent images to rapid access storage devices	3rd Qtr/1993	3rd Qtr/1993	Completed
Begin expansion of CSIR capabilities to third group	3rd Qtr/1993	3rd Qtr/1993	Completed
Complete expansion of CSIR capabilities to 3rd group	3rd Qtr/1993	3rd Qtr/1993	Completed
Begin initial horizontal deployment of CSIR to public and examiners	3rd Qtr/1993	3rd Qtr/1993	Completed
Complete initial horizontal deployment of CSIR to public	3rd Qtr/1993	3rd Qtr/1993	Completed
Deploy 55 workstations for use in shared environment	4th Qtr/1994	4th Qtr/1994	On Schedule
Begin load of foreign patent images to high density storage devices	N/A	2nd Qtr/1995	On Schedule
Complete load of foreign 2.0 database	2nd Qtr/1994	2nd Qtr/1994	On Schedule
Foreign Patent 1.0 operational	3rd Qtr/1994	4th Qtr/1994	Contract delay
Deploy 350 workstations for use in shared environment	N/A	N/A	Was scheduled for FY 1995 (1)

(1) PTO decision point in FY 1994 anticipates a more rapid transition from current third generation workstation technology to the fourth generation desktop workstation technology with lower per unit costs.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SCHEDULE OF MAJOR AUTOMATION EVENTS
FY 1993 through FY 1996

	1994 Congressional Schedule	1996 Congressional Schedule	Comments
Office Automation			
Award Micro 2.0 Hardware Contract	N/A	2nd Qtr/1995	New Milestone
Award Micro 2.0 Software Contract	N/A	2nd Qtr/1995	New Milestone
Trademark Automation (TRAM, T-Search)			
Award T-Search Development contract	N/A	N/A	Project has been revised to replace T-Search with X-Search version 1.0 (which replaces current terminal user interface software) and version 1.1 (which replaces the Orbit mainframe search software).
Complete development of X-Search Version 1.0 software	3rd Qtr/1993	3rd Qtr/1993	Completed
Issue RFP for X-Search 1.1 contract	N/A	3rd Qtr/1994	On Schedule
Award X-Search Version 1.1 contract	2nd Qtr/1993	1st Qtr/1995	Delay due to RFP release
Implement X-Search version 1.1	4th Qtr/1994	4th Qtr/1995	Delay due to new contract award date
Patent Application Management (PAM)			
Issue RFP for PAM integration contractor	4th Qtr/1993	4th Qtr/1994	Delay due to final decision on requirements.
Award PAM integration contract	4th Qtr/1994	4th Qtr/1995	Delay due to RFP release.
Complete Electronic Application System (EASY) software design and testing	N/A	4th Qtr/1995	On Schedule
Receive patent applications electronically	N/A	3rd Qtr/1996	Revised due to contract delay.

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
ADMINISTRATIVE SAVINGS
(Dollar amounts in thousands)

	Increase/Decrease		
	Personnel	FTE	Amount
Administrative Savings	0	0	-$286

Administrative Savings: (0 permanent positions, 0 FTE, -$286,000)

Pursuant to the Executive Order on Deficit Control and Productivity Improvement in the Administration of the Federal Government (Executive Order 12837), the PTO also requests a reduction of $286,000 for administrative savings. This reduction was applied to each subactivity as follows:

Subactivity	Administrative Savings
Patent Examination - Professional	-$182
Patent Examination - Clerical	- 13
Trademark Examination	- 15
Application Services	- 3
Customer Services	- 8
Publication Services	- 5
Date and Document Retrieval	- 44
Management Planning	- 4
EXAD Automation	- 11
Space Management	- 1
Total Administrative Savings	-$ 286

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Patent and Trademark Office
Subactivity: Patent and Trademark Office
Program Change: Administrative Savings Per Executive Order 12837

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	$0
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	0
12.0	Civilian Personnel Benefits	0
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	(4)
22.0	Transportation of Things	(5)
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	(1)
23.3	Communications, Utilities, and Misc. Charges	(44)
24.0	Printing and Reproduction	(11)
25.1	Consulting Services	0
25.2	Other Services	(193)
26.0	Supplies and Materials	(28)
31.0	Equipment	0
99.0	Total Obligations	($286)

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
FTE REDUCTION
(Dollar amounts in thousands)

	Increase/Decrease		
	Personnel	FTE	Amount
FTE Reduction	-77	-77	-$3,910

FTE Reduction: (-77 permanent positions, -77 FTE, -$3,910,000)

Pursuant to the Executive Order on Reduction of 100,000 Federal Positions (Executive Order 12839), the PTO also requests a reduction of 77 positions, 77 FTE, and $3,910,000.

Exhibit 14

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL

Activity:	Patent and Trademark Office
Subactivity:	Patent and Trademark Office
Program Change:	FTE Reduction Per Executive Order 12839

Position Title:		GS-Grade	Number of Positions	Annual Salary	Total Salaries
Patent Examiner		GS-12	(27)	44,803	(1,209,681)
Patent Examiner		GS-11	(25)	38,107	(952,675)
Patent Examiner		GS-09	(25)	33,266	(831,650)
Total Positions and Salaries		. . .	(77)	. . .	(2,994,006)
Plus: FY 1995 Pay Raise Adjustment	1.20%		. . .		+ (35,928)
Subtotal - Adjusted Salaries			(77)		(3,029,934)
Less: Lapse			- 0		- 0
Total Full-Time Permanent			(77)		($3,029,934)

Personnel Data:	Number
Full-Time Equivalent Employment:	
Full-Time Permanent	(77)
Other Than Full-Time Permanent	0
Total Full-Time Equivalent Employment	(77)
Authorized Positions:	
Full-Time Permanent	(77)
Other Than Full-Time Permanent	0
Total Authorized Positions	(77)

Exhibit 15

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity:	Patent and Trademark Office
Subactivity:	Patent and Trademark Office
Program Change:	FTE Reduction Per Executive Order 12839

Object Class	Object Class Title	FY 1995 Increase (Decrease)
11	Personnel Compensation:	
11.1	Full-Time Permanent Compensation	($3,030)
11.3	Other Than Full-Time Permanent Compensation	0
11.5	Other Personnel Compensation	0
11.8	Special Personnel Services Payments	0
11.9	Total Personnel Compensation	(3,030)
12.0	Civilian Personnel Benefits	(880)
13.0	Benefits for Former Personnel	0
21.0	Travel and Transportation of Persons	0
22.0	Transportation of Things	0
23.1	Rental Payments to GSA	0
23.2	Rental Payments to Others	0
23.3	Communications, Utilities, and Misc. Charges	0
24.0	Printing and Reproduction	0
25.1	Consulting Services	0
25.2	Other Services	0
26.0	Supplies and Materials	0
31.0	Equipment	0
99.0	Total Obligations	($3,910)

Exhibit 10

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
PROGRAM AND PERFORMANCE
(Dollar amounts in thousands)

Activity: Offsetting Fee Collections

Offsetting Fee Collections:		1993 Actual	1994 Currently Available	1995 Base	1995 Estimate	Increase/ (Decrease) From 1995 Base
Patent Process	BA	$229,553	$252,841	$328,022	$347,330	$19,308
	Obl.	228,572	262,433			
Trademark Process	BA	33,848	36,879	38,738	40,062	1,324
	Obl.	32,833	42,551			
Information Dissemination	BA	60,531	58,845	80,612	91,928	11,316
	Obl.	59,792	62,042			
Executive Direction and Administration	BA	75,622	67,127	90,416	92,118	1,703
	Obl.	63,318	80,048			
Total Offsetting Fee Collections	BA	$399,554	$415,692	$537,788	$571,438	$33,651
	Obl.	384,315	447,074			

Exhibit 12

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Offsetting Fee Collections and Receipts

Goals and Objectives

Department of Commerce Mission:

Under PTO's current legislation, the Office receives all of its funding through user fees. The goals of this activity are:

- To collect sufficient income to sustain PTO programs at funding levels which provide the resources and staffing needed to meet program goals and objectives, thereby ensuring the continued stability of patent and trademark systems and delivery of customer services.

- To structure user fees so that they encourage filings by individual inventors, small companies, and other organizations that do not have substantial resources at their disposal for prosecuting patent and trademark applications. Promoting access to the patent and trademark systems is instrumental in encouraging developments in technology and commercialization of ideas.

- To support program goals including patent pendency of 18 months to issue or abandonment; trademark pendency of 3 months to first action, and 13 months to registration or abandonment for use cases; and automation of patent and trademark processes and information dissemination. Timely decisions on the patentability and registrability of applications, and rapid availability of patent and trademark information, allow individuals and businesses to respond quickly to developments in the marketplace and make use of technological advancements.

Objectives:

The PTO projects fee workload and income, and determines the fee level needed to meet the operational needs of the Office. All program costs are restricted to levels that are recoverable by fees. Patent fees recover patent costs and trademark fees recover trademark costs. The Office recovers administrative expenses and other indirect costs such as space rent, general automation costs, and miscellaneous general expenses, with equitable amounts of patent and trademark fees.

Exhibit 12

Base Program

The expenses of the PTO in FY 1995 will be limited to the amount of fee income available. All funds received by the PTO will be from user fees, with no funding from taxpayer revenue.

The PTO is seeking in FY 1995 to define all patent fees as offsetting collections, which would eliminate the requirement to seek appropriations from patent surcharge income deposited to the Fee Surcharge Fund. Currently, the Omnibus Budget Reconciliation Act of 1990, as amended, requires the PTO to seek appropriations from the Fee Surcharge Fund. Appropriations language to effect this change will be transmitted to the Congress. The elimination of the requirement to seek appropriations from the Fee Surcharge Fund in favor of treating all patent fee income as offsetting collections would not diminish the oversight responsibilities of pertinent executive and legislative entities. The Administration endorses this concept with the transmission of the FY 1995 budget. The PTO and the Department propose to work closely with Congress during the FY 1995 budget cycle to implement this concept.

This proposal would benefit the PTO and users of the patent system. From FY 1992 through FY 1993, over $20 million in user fees deposited into the Fee Surcharge Fund were not appropriated for use by the PTO. For FY 1994 alone, the $14.7 million in unappropriated patent surcharge fees represent 14 percent of total patent surcharge fees that the PTO must deposit into the Fee Surcharge Fund. Influential users of the patent system have expressed concern over this perceived "tax" on innovation. Implementing the proposed appropriation language would guarantee that all patent user fees received by the PTO are available to directly support PTO operations.

Under this proposal, the PTO's major fee categories, as represented under Public Law 102-204 (PTO Authorization Act of 1991) would remain unchanged. These fee categories are:

Patent Statutory Fees

Statutory patent fees are fees whose amounts are set under Sections 41(a) and 41(b) of Title 35, United States Code. These fees include filing, issue, extension, appeals, maintenance, and some petition fees. Patent Cooperation Treaty (PCT) national stage filing fees are also statutory. Individual inventors, non-profit corporations, and small businesses will continue to qualify for a small entity subsidy on all patent statutory fees, which reduces the fee amount by 50 percent. The Commissioner has the authority to adjust the patent statutory fees at the beginning of each fiscal year by no more than the previous fiscal year's change in the Consumer Price Index (CPI).

Patent Non-Statutory Fees

Non-statutory patent fees consist of fees for patent-related products, services, and materials not included in the patent statutory fees. The Commissioner has authority to annually adjust these fees to recover the estimated average cost to the Office for providing the products, services and materials.

Exhibit 12

Trademark Fees

These fees encompass all trademark processing and service fees. There is a "fence" around trademark fees which prohibits the use of trademark fees for non-trademark activities. The Commissioner has permanent authority to adjust fees in the aggregate every year by the change in the CPI.

The following page presents information on patent and trademark fee receipts for fiscal years 1993, 1994, and 1995.

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SUMMARY OF OFFSETTING FEES, SURCHARGE FEES, AND BUDGET AUTHORITY
(Dollar Amounts in Thousands)

Offsetting Fees, Surcharge Fees, and Budget Aut	1993 Estimate	1994 President's Budget	1995 Base Amount	1995 Estimate Amount	Increase/ (Decrease) from 1995 Base Amount
Offsetting Fee Collections	399,364	415,692	537,788	571,439	33,651
Appropriation from Surcharge Fees	86,672	88,329	0	0	0
Appropriation from General Fund of Treasury	0	0	0	0	0
Unobligated funds from prior year	13,522	0	0	0	0
Recoveries of prior year obligations	2,621	0	0	0	0
Federal Reimbursements	190	200	200	200	0
Total Resources Available	502,369	504,221	537,988	571,639	33,651

Summary of Patent and Trademark Funding
(Dollar Amounts in Thousands)

Patent and Trademark Funding:	1993 Actual	1994 Currently Available	1995 Base Amount	1995 Estimate Amount	Increase/ (Decrease) from 1995 Base Amount
Patent Offsetting Fee Collections	352,654	367,145	484,709	515,039	30,330
Plus: Financing from Prior Year Patent Funds	9,621	25,710	0	0	0
Plus: Recoveries of Prior Year Patent Obligations	2,065	0	0	0	0
Plus: Appropriation from Surcharge Fees	86,672	88,329	0	0	0
Plus: Appropriation from General Fund of Treasury	0	0	0	0	0
Federal Reimbursements	190	200	200	200	0
Total Patent Funding	451,202	481,384	484,909	515,239	30,330
Trademark Offsetting Fee Collections	46,710	48,547	53,079	56,400	3,321
Plus: Financing from Prior Year Trademark Funds	3,901	5,672	0	0	0
Plus: Recoveries of Prior Year Trademark Obligations	556	0	0	0	0
Total Trademark Funding	51,167	54,219	53,079	56,400	3,321
Total Patent and Trademark Funding	502,369	535,603	537,988	571,639	33,651
Patent Obligations	425,492	481,384	484,909	515,239	30,330
Trademark Obligations	45,495	54,219	53,079	56,400	3,321
Total Patent and Trademark Obligations	470,987	535,603	537,988	571,639	33,651

Exhibit 13

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
INCREASES FOR FY 1995
(Dollar amounts in thousands)

	1995 Base*	1995 Estimate	Increase/Decrease
Offsetting Fee Collections	$537,788	$571,439	+$33,651

Since FY 1993, the PTO has not received any taxpayer funding. All PTO funding is based on fee collections paid by users of the patent and trademark systems for requested services. The FY 1995 estimate for PTO fee income was derived by multiplying FY 1995 estimates for all fee-based workloads by FY 1994 fee rates.

Public Law 101-508, also known as the Omnibus Budget Reconciliation Act of 1990, established the PTO Fee Surcharge Fund. Since FY 1991, the PTO has deposited surcharge patent fees into the Fee Surcharge Fund, based on yearly amounts mandated by Public Law 101-508.

In FY 1995, the PTO is proposing appropriations language to treat all patent user fee income as offsetting collections in FY 1995. This change would benefit fee-paying users of the patent system. Some users of the patent system have expressed concern over the fact that through FY 1994, over $35 million in patent surcharge fees deposited into the Fee Surcharge Fund were not appropriated back to the PTO. While removing the requirement to seek appropriations for deposits to the Fee Surcharge Fund would not affect Congressional oversight responsibilities with regards to the PTO, it would address complaints by patent system users that they are being subjected to a "tax" on innovation.

The Administration endorses this concept in transmitting the FY 1995 budget. The PTO and the Department propose to work closely with Congress during the FY 1995 budget cycle to define all patent fees as offsetting collections.

- The fee "base" for FY 1995 is equal to the fee estimate. For funding comparison purposes, the FY 1995 base program level has been used in lieu of the base fee amount.

Exhibit 16

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	Object Class Title:	1993 Actual	FY 1994 Currently Available	1996 Adjust. To Base	1996 Base	1996 Estimate	1996 Increase (Decrease)
	Personnel Compensation:						
11.1	Full-Time Permanent Compensation	$203,536	$223,750	$14,162	$232,796	$235,708	$2,912
11.3	Other Than Full-Time Permanent Compensation	3,428	3,879	78	3,868	3,868	0
11.5	Other Personnel Compensation	15,247	19,537	4,052	21,589	22,192	603
	Total Personnel Compensation	222,211	247,166	18,292	258,253	261,768	3,515
12.0	Personnel Benefits	44,386	52,507	6,163	56,471	57,317	846
13.0	Benefits for Former Personnel	100	140	0	140	140	0
21.0	Travel and Transportation of Persons	503	979	18	842	841	(1)
22.0	Transportation of Things	144	397	958	1,355	1,357	2
23.1	Rental Payments to GSA	36,058	43,326	1,020	44,346	45,035	689
23.2	Rental Payments to Others	300	330	0	187	186	(1)
23.3	Communications, Utilities, and Misc. Charges	7,214	8,543	3,901	12,444	12,400	(44)
24.0	Printing and Reproduction	31,066	33,999	2,277	35,276	35,406	130
25.1	Consulting Services	571	997	461	681	1,406	725
25.2	Other Services	96,264	112,298	6,848	103,241	130,749	27,508
25.3	Purchase of Goods and Services from Gov't Accounts	3,334	4,968	390	5,358	5,358	0
26.0	Supplies and Materials	8,921	9,959	(1,984)	7,719	7,889	170
31.0	Equipment	17,661	19,494	(2,575)	11,175	11,287	112
32.0	Lands and Structures	0	0	0	0	0	0
33.0	Investments and Loans	0	0	0	0	0	0
41.0	Grants, Subsidies and Contributions	0	0	0	0	0	0
42.0	Insurance Claims and Indemnities	12	300	0	300	300	0
43.0	Interest and Dividends	0	0	0	0	0	0
44.0	Refunds	0	0	0	0	0	0
	Total Obligations	470,987	535,403	33,787	537,788	571,439	33,651
	Less: Offsetting Fees	384,315	415,692	33,787	537,788	571,439	33,651
	Less: Financing from PY Unobligated Balances	0	31,382	0	0	0	0
	Appropriation Requested	86,672	88,329	0	0	0	0
	Less: Appropriation from Special Fund for Surcharges on Fees	86,672	88,329	0	0	0	0
	Appropriation from General Fund	$0	$0	$0	$0	$0	$0

Exhibit 16

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
PERSONNEL DETAIL

Object Class	Object Class Title:	1993 Actual	FY 1994 Currently Available	1995 Adjust. To Base	1995 Base	1995 Estimate	1995 Increase (Decrease)
	Full-Time Equivalent Employment:						
	Full-Time Permanent	4,775	4,960	(63)	4,897	4,985	88
	Other Than Full-Time Permanent	115	90	0	90	90	0
	Total Full-Time Equivalent Employment	4,890	5,050	(63)	4,987	5,075	88
	Authorized Positions:						
	Full-Time Permanent	5,291	5,314	(63)	5,251	5,385	134
	Other Than Full-Time Permanent	252	175	0	175	175	0
	Total Authorized Positions	5,543	5,489	(63)	5,426	5,560	134

Exhibit 17

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	Object Class Title:	1993 Actual	FY 1994 Currently Available	1995 Adjust. To Base	1995 Base	1995 Estimate	1995 Increase (Decrease)
11	Personnel Compensation:						
11.1	Full-Time Permanent Positions:						
	Executive Level	431	450	8	448	448	0
	Senior Executive Service	4,313	4,618	479	4,991	4,991	0
	General Schedule	192,535	212,143	13,545	220,837	223,749	2,912
	Wage Board	248	259	5	258	258	0
	Patent Appeals Examiners (P.L. 82-593)	5,110	5,341	107	5,326	5,326	0
	Trademark Appeals Examiners (P.L. 98-622)	899	939	18	936	936	0
	Total, Full-Time Permanent Positions	203,536	223,750	14,162	232,796	235,708	2,912
11.3	Positions Other Than Full-Time Permanent:						
	General Schedule	3,346	3,785	75	3,773	3,773	0
	Wage Board	44	51	2	52	52	0
	Intermittent	38	43	1	43	43	0
	Total, Positions Other Than FT Permanent	3,428	3,879	78	3,868	3,868	0
11.5	Other Personnel Compensation:						
	Overtime	9,071	8,798	4,053	11,950	12,553	603
	Night Differential - Premium Pay	182	350	(1)	313	313	0
	Awards	5,994	10,389	0	9,326	9,326	0
	Total, Other Personnel Compensation	15,247	19,537	4,052	21,589	22,192	603
11.9	Total Personnel Compensation	222,211	247,166	18,292	258,253	261,768	3,515

Exhibit 17

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	Object Class Title:	1993 Actual	FY 1994 Currently Available	1995 Adjust. To Base	1995 Base	1995 Estimate	1995 Increase (Decrease)
12.0	Civilian Personnel Benefits:						
	Civil Service Retirement	7,303	6,763	(145)	6,464	6,464	0
	Federal Employee Retirement System (FERS)	12,925	18,650	2,024	18,293	18,669	376
	Thrift Plan Contributions	3,069	3,169	337	3,434	3,492	58
	Federal Insurance Contributions Act (FICA)	6,902	6,720	999	9,520	9,701	181
	Medicare	3,213	3,453	224	3,598	3,640	42
	Health Insurance	10,322	12,914	1,613	14,232	14,415	183
	Life Insurance	371	456	28	473	479	6
	Employees Compensation Fund	281	383	83	457	457	0
	Total, Civilian Personnel Benefits	44,386	52,507	5,163	56,471	57,317	846
13.0	Benefits for Former Personnel	100	140	0	140	140	0
21.0	Travel and Transportation of Persons:						
	Transportation - Domestic	137	308	5	262	261	(1)
	Transportation - International	80	199	3	171	171	0
	Local Transportation	23	14	0	12	12	0
	Per Diem Allowances	202	381	6	328	328	0
	Rental Car Expenses	27	19	1	17	17	0
	Privately-Owned Automobiles	4	6	0	5	5	0
	Rental of GSA Vehicles	30	55	1	47	47	0
	Total, Travel and Transportation of Persons	503	979	16	842	841	(1)
22.0	Transportation of Things:						
	Freight-Out	0	7	16	23	23	0
	Freight-In	16	8	19	27	27	0
	Parcel Post	3	345	834	1,179	1,181	2
	Other	125	37	89	126	126	0
	Total, Transportation of Things	144	397	958	1,355	1,357	2

Exhibit 17

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	Object Class Title:	1993 Actual	FY 1994 Currently Available	1995 Adjust. To Base	1995 Base	1995 Estimate	1995 Increase (Decrease)
23.1	Rental Payments to GSA	38,058	43,326	1,020	44,346	45,035	689
23.2	Rental Payments to Others	300	330	0	187	186	(1)
23.3	Communications, Utilities, and Misc. Charges:						
	Rental of ADP Equipment	195	1,590	725	2,315	2,315	0
	Rental of Office Copying Equipment	931	578	263	841	841	0
	Other Equipment Rental	25	328	150	478	478	0
	Federal Telecommunications Systems	534	738	337	1,075	1,075	0
	Other Telecommunications Systems	3,763	2,810	1,286	4,096	4,052	(44)
	Postal Services by USPS	1,351	1,823	832	2,655	2,655	0
	Utilities Services	415	676	308	984	984	0
	Total, Comm, Utilities, and Misc. Charges	7,214	8,543	3,901	12,444	12,400	(44)
24.0	Printing and Reproduction:						
	Patent Printing	27,973	31,082	780	31,461	31,461	0
	Trademark Printing	1,364	1,994	47	1,700	1,793	93
	Administrative Printing	297	124	262	382	382	0
	Publications	213	83	166	249	249	0
	Public Use Forms	1	39	78	116	116	0
	Envelopes	5	18	36	53	53	0
	Internal Use Forms	444	150	308	452	452	0
	Other Printing	791	509	600	863	900	37
	Working Capital Fund	0	0	0	0	0	0
	Total, Printing and Reproduction	31,088	33,999	2,277	35,276	35,406	130

Exhibit 17

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	Object Class Title:	1993 Actual	FY 1994 Currently Available	1995 Adjust. To Base	1995 Base	1995 Estimate	1995 Increase (Decrease)
25.0	Consulting and Other Services:						
25.1	Consulting Services:						
	Management & Professional Support Services	571	997	461	681	1,406	725
	Studies, Analyses, & Evaluation	0	0	0	0	0	0
	Engineering & Technical Services	0	0	0	0	0	0
	Subtotal	571	997	461	681	1,406	725
25.2	Other Services:						
	Training:						
	University	1,053	1,079	0	1,079	1,079	0
	Other	1,865	3,711	(8)	3,703	3,703	0
	Maintenance of Equipment	2,296	4,340	(10)	4,330	4,330	0
	GSA Alterations and Repairs	1,313	1,467	52	1,519	1,519	0
	ADP Services	4,647	5,722	(13)	5,709	5,709	0
	Telecommunications Services	1,684	1,851	(4)	1,847	1,847	0
	Guard Services	594	670	44	714	714	0
	Other Contracts	84,832	93,458	5,787	84,340	111,848	27,508
	Subtotal	98,284	112,298	5,848	103,241	130,749	27,508
25.3	Purchase of Goods and Services from Gov't Accounts:						
	Office of Personnel Management Training	125	0	0	0	0	0
	GSA Reimbursable Services	0	0	0	0	0	0
	Payment to GA, WCF	3,209	4,968	390	5,358	5,358	0
	Subtotal	3,334	4,968	390	5,358	5,358	0

Exhibit 17

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	Object Class Title:	1993 Actual	FY 1994 Currently Available	1995 Adjust. To Base	1995 Base	1995 Estimate	1995 Increase (Decrease)
26.0	Supplies and Materials:						
	Office Supplies	829	860	(183)	655	655	0
	ADP Supplies	1,644	2,988	(635)	2,276	2,446	170
	Microfilm Supplies	598	767	(167)	600	600	0
	Other Supplies	1,564	2,247	(476)	1,713	1,713	0
	Books and Periodicals	2,060	2,544	(410)	2,069	2,069	0
	Paper for Office Copying Equipment	228	533	(113)	406	406	0
	Total, Supplies and Materials	6,921	9,959	(1,984)	7,719	7,889	170
31.0	Equipment:						
	Office Machines and Equipment	268	485	(65)	277	277	0
	ADP Hardware	9,940	12,200	(1,632)	6,974	7,086	112
	ADP Software	303	1,184	(158)	677	677	0
	Office Furniture	6,159	3,352	(448)	1,916	1,916	0
	Other Furniture and Equipment	1,170	2,273	(272)	1,331	1,331	0
	Total, Equipment	17,861	19,494	(2,575)	11,175	11,287	112
42.0	Insurance Claims and Indemnities	12	300	0	300	300	0
	Total Obligations	470,987	535,403	33,767	537,788	571,439	33,651

Exhibit 32

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF PROPOSED LANGUAGE CHANGES

1. After the words "Commissioner of Patents and Trademarks;", delete the words ["$88,329,000, to remain available until expended, to be derived from deposits in the Patent and Trademark Office Fee Surcharge fund as authorized by law: *Provided,* That the amounts made available under the Fund shall not exceed amounts deposited; and"]

This change deletes the requirement for the PTO to seek appropriations from patent surcharge fees deposited to the Patent and Trademark Office Fee Surcharge Fund. In fiscal year 1994, the Congress appropriated $88,329,000 from planned surcharge fee deposits of $103,000,000.

2. After the words ", to remain available until expended", add "*: Provided, That notwithstanding 31 U.S.C. 3302 and section 10101(b) of the Omnibus Budget Reconciliation Act of 1990, as amended (OBRA), surcharges collected pursuant to section 10101(a) and (c) of OBRA for fiscal years 1995 through 1998 shall be credited to this appropriation in the amount required to be collected in each respective year and shall be available until expended for necessary expenses of the Patent and Trademark Office.*"

This change:
- Directs the PTO to continue to collect surcharges on patent fees for fiscal years 1995 through 1998 as required by section 10101(a) of OBRA. In fiscal year 1995, the required collections are $107,000,000.
- Directs that these collections of patent surcharge fees be credited to the PTO Salaries and Expenses appropriation.
- Corrects an anomaly established in 1990 by OBRA in which surcharges to offsetting collections (i.e., patent fees) are treated as offsetting receipts requiring specific appropriation of funds. All PTO fees are treated as offsetting collections *with the exception of the patent surcharge fees.*
- Permits the immediate use of all patent surcharge fees collected in fiscal year 1995, and through fiscal year 1998, for the purposes for which they were intended, i.e., the examination of patent applications.

Exhibit 33

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
APPROPRIATION LANGUAGE AND CODE CITATIONS

1. For necessary expenses of the Patent and Trademark Office provided for by law, including the defense of suits instituted against the Commissioner of Patents and Trademarks;

    15 U.S.C. 1051-1127
    15 U.S.C. 1511
    35 U.S.C. 1-4, 6-42, 141-145, 376
    44 U.S.C. 1337-1338

    15 U.S.C. 1051-1127 contain provisions of the Trademark Act of 1946 that govern the administration of the trademark registration system of the Patent and Trademark Office.

    15 U.S.C. 1511 states that the Patent and Trademark Office is under the jurisdiction and supervision of the Department of Commerce.

    35 U.S.C. 1-4, 6-42, 141-145 contains basic authorities for administration of patent laws, derived from the Act of July 19, 1952, and subsequent enactments. Revenues from fees are available to the Commissioner to carry out, to the extent provided for in appropriation acts, the activities of the Office. Since fiscal year 1983, all fees are available to the Patent and Trademark Office.

    35 U.S.C. 376 authorizes the Patent and Trademark Office to charge international fees for activities undertaken pursuant to the Patent Cooperation Treaty.

    44 U.S.C. 1337-1338 contains authority to print patents, trademarks, and other matter relating to the business of the Office.

2. and such fees as shall be collected pursuant to 15 U.S.C. 1113 and 35 U.S.C. 41 and 376.

    15 U.S.C. 1113(a) provides that: "The Commissioner of Patents and Trademarks will establish fees. . . for the registration of a trademark or other mark and for all other services performed by and materials furnished the Patent and Trademark Office related to trademarks and other marks."

    35 U.S.C. 41(a) provides that: "The Commissioner of Patent and Trademarks will establish fees for the processing of an application for a patent, . . .for maintaining a patent in force, and for providing all other services and materials related to patents."

Exhibit 33

35 U.S.C. 42(c) provides that: "Revenues from fees will be available to the Commissioner of Patents and Trademarks to carry out, to the extent provided for in appropriation Acts, the activities of the Patent and Trademark Office" and that "fees available to the Commissioner under Section 31 (15 U.S.C. 1113(a)) of the Trademark Act of 1946 shall be used exclusively for the processing of trademark registrations and other services and materials related to trademarks."

35 U.S.C. 376 authorizes the payment to the Patent and Trademark Office of international fees collected pursuant to the Patent Cooperation Treaty.

3. To remain available until expended.

Public Law No. 102-204, section 2 provides that appropriations authorized under this Act and such fees as may be collected can be carried over and remain available until expended.

4. *Provided, That notwithstanding 31 U.S.C. 3302 and section 10101(b) of the Omnibus Budget Reconciliation Act of 1990, as amended (OBRA), surcharges collected pursuant to section 10101(a) and (c) of OBRA for fiscal years 1995 through 1998 shall be credited to this appropriation in the amount required to be collected in each respective year and shall be available until expended for necessary expenses of the Patent and Trademark Office.*

31 U.S.C. 3302 directs the deposit of public money in the Treasury or with a depository designated by the Secretary of the Treasury under law.

Section 10101(b) states that all surcharges collected by the PTO shall be credited to a separate account established in the Treasury; shall be available only to the Patent and Trademark Office, to the extent provided in appropriation Acts; and shall remain available until expended.

Section 10101(a) of OBRA (P.L. 101-508, as amended) establishes a surcharge for fiscal years 1991 through 1998 on all fees authorized by subsections (a) and (b) of section 41 of title 35, United States Code.

Section 10101(c) of OBRA (P.L. 101-508, as amended) specifies the amounts of surcharges that must be deposited in each fiscal year. In fiscal year 1995 this amount is $107,000,000.

[Note: proposed appropriation language is written in *italics*.]

Exhibit 34

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
CONSULTING AND RELATED SERVICES
(Dollar amounts in thousands)

	1993 Actual	1994 Estimate	1995 Estimate
Consulting services	$0	$0	$0
Management and professional services	$571	$997	$1,406
Special studies and analyses	$0	$0	$0
Management and Support services for research and development	$0	$0	$0
TOTAL	$571	$997	$1,406

Funding for consulting and related services in 1994 and 1995 will provide support to the PTO in its efforts to reduce pendency times, to improve the quality of its products and services, to automate office processes, and to protect and promote U.S. intellectual property rights abroad.

Exhibit 35

DEPARTMENT OF COMMERCE
Patent and Trademark Office

Salaries and Expenses
PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS
(Obligations in thousands)

	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Periodicals	$25	$24	$26	$26
Pamphlets	$35	$31	$33	$33
Audiovisuals	$11	$4	$8	$8
Total	$71	$59	$67	$67

Narrative Statement

Technical literature documents in the form of periodicals and pamphlets are essential in the patent and trademark examination process. The printing costs are reflected above. The requirement for technical literature documents is directly proportional to the workload and resultant production in patent and trademark activities. The use of audiovisuals is primarily for PTO's National Inventors Day program.

Exhibit 38

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Salaries and Expenses
AVERAGE GRADE AND SALARY

	1993 Actual	1994 Estimate	1995 Estimate
Average ES salary	$104,398	$109,374	$111,124
Average GS grade	9.80	9.80	9.85
Average GS salary	$41,149	$42,887	$43,592

Mr. MOLLOHAN. Testifying on behalf of the Patent and Trademark Office today is Bruce A. Lehman, the Assistant Secretary and Commissioner of Patents and Trademarks. Mr. Lehman, since this is your first appearance before the subcommittee, your biographical sketch will be inserted into the record. Your written statement will be made a part of the record and you may proceed with your oral statement.

Before you do that, if you would introduce the other gentleman at the witness table with you.

Mr. LEHMAN. Thank you, Mr. Chairman. I would be happy to do that. I have with me James Lynch, who is the Budget Officer for the Patent and Trademark Office. Let me say that this is a real pleasure for me to be here today for my first appearance before the Appropriations Committee, and it is new all the way around.

I want to congratulate you on your new position. I know you feel as excited about it as I feel about mine. So I am looking forward to a long, productive working relationship with this committee, and I hope we can be of help to you.

Mr. MOLLOHAN. Thank you. We certainly look forward to working with you.

STATEMENT OVERVIEW

Mr. LEHMAN. As you indicated, I am submitting my prepared statement for the record. If you will permit me, I would like to just highlight a few of the salient points of it.

First, our proposed appropriations language is aimed at finding a way to ensure that users of the patent system receive the full measure of services in return for the offsetting collections in the patent surcharge fees which they will pay.

Now, we recognize that certain aspects of our proposal must be resolved, particularly the effects of scoring $107 million from the patent surcharge fund within the subcommittee's 602(b) allocation. I intend to work with you and the subcommittee staff very closely to try to resolve those issues.

Second, the $571.4 million program budget that we are requesting, all of which will be funded by user fee revenues, is intended to support our primary goal of providing American business and industry with the highest level of quality and customer services in all aspects of our operation. I know that can sound like rhetoric sometimes, but the patent system is really the very heart of trying to build a competitive, high technology, high-wage economy in the United States.

Finally, we expect our workload to continue to grow in the future, and that is good news. That is a clear signal that American innovation and business activity is on the right track. By the way, recent statistics indicate that the percentage of American-filed patent applications is increasing in the office, indicating that our country is going in the right direction and suggesting all the more the importance of the patent and trademark system.

The Patent and Trademark Office simply has to be able to respond efficiently and effectively to the intellectual property needs of this extremely important segment of the American economy, our small businesses, our large corporations, our not-for-profit organizations and our individual inventors, all of whom are at the very center of the President's quest for a high-wage, high-tech economy.

Assuming that we will have access to all of the revenues that these patent and trademark applicants are supplying to us for the services which they expect, I am confident that our intellectual property system will be able to contribute to President Clinton's and Secretary Brown's goal of renewed and expanded economic opportunity and job creation for the American people. Those are just a couple of the themes, Mr. Chairman, the highlights of my prepared testimony, but I would be happy to flesh out any of those ideas for you, and answer questions for you.

[The biographical sketch and prepared statement of Mr. Lehman follow:]

Biography

Bruce A. Lehman

Assistant Secretary of Commerce and Commissioner of Patents and Trademarks

Bruce A. Lehman was nominated to be Assistant Secretary of Commerce and Commissioner of Patents and Trademarks by President Clinton on April 23 and confirmed by the U.S. Senate on August 5, 1993.

Mr. Lehman joins the Patent and Trademark Office from the law firm of Swidler & Berlin in Washington, D.C. Prior to joining the firm in January 1983, he served for nine years as Counsel to the Committee on the Judiciary of the U.S. House of Representatives and Chief Counsel of its Subcommittee on Courts, Civil Liberties, and the Administration of Justice. He served as the Committee's principal legal advisor in drafting of the 1976 Copyright Act and 1980 Computer Software Amendments.

In over nine years of private practice, Mr. Lehman has represented individuals, companies and trade associations with respect to legal issues involving intellectual property which affect the motion picture, telecommunications, pharmaceutical, computer software and broadcasting industries.

Mr. Lehman has provided counsel and representation in matters involving foreign governments, most recently with regard to European Economic integration. He has served as a member of the Advisory Committee on Intellectual Property of the Department of State and has been a member of the United States Delegations to diplomatic meetings and conferences in the field of Intellectual Property, including the diplomatic conference to revise the Paris Convention and meetings of the executive committees of the World Intellectual Property Organization and the Universal Copyright Convention. He is a former member of the Advisory Board of the Bureau of National Affairs Patent, Copyright and Trademark Journal.

Active in civic affairs, he currently is a member of the District of Columbia General Hospital Commission, the board of directors of Washington's large public hospital.

Prior to his service with Congress, he served as legal counsel to a state legislature, as an attorney with the U.S. Department of Justice and as an officer in the United States Army. He was born in Beloit, Wisconsin, on September 19, 1945, and was graduated from the University of Wisconsin in 1967 and its Law School in 1970. He is a member of the Bar of the District of Columbia.

8/30/93

STATEMENT BY THE ASSISTANT SECRETARY
OF COMMERCE
AND COMMISSIONER OF PATENTS AND TRADEMARKS
BRUCE A. LEHMAN
BEFORE THE
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND JUDICIARY
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

April 14, 1994

Mr. Chairman and Members of the Subcommittee:

I appreciate having this opportunity to present the President's budget request for the Patent and Trademark Office for fiscal year 1995. With me is the PTO's Budget Officer, James Lynch.

FY 1995 APPROPRIATIONS LANGUAGE CHANGE

The Patent and Trademark Office's budget request for FY 1995 is for $571,439,000, all of which is funded by user fees. Our user fee concept has proved to be beneficial to our customers -- it has financed a number of improvements, most notably our automation and pendency reduction programs. The employees of the Patent and Trademark Office also have strived to improve the quality of our products and services. These actions have provided many benefits to our customers, but if we are to achieve our goal -- QUALITY IS CUSTOMER SATISFACTION -- we have much more to do.

Members of this subcommittee are especially aware of the contributions our customers -- America's high-tech industries -- have made to reduce the national deficit. This is positive news for the general taxpayer. There is also some not so positive news about our current funding system. Under the Omnibus Budget Reconciliation Act of 1990, a surcharge is applied by the PTO to all patent statutory fees. These surcharge revenues are deposited to a Fee Surcharge Fund in the U.S. Treasury. The deposited surcharge fees are subsequently made available to the PTO through a specific appropriations act. Over the past three fiscal years, the Congress has not provided the PTO with access to over $35 million in deposited patent surcharge fees. While I appreciate the pressures placed on the Congress to stretch and redistribute scarce funds among many deserving programs, I think it is critically important to emphasize that small businesses, independent inventors, not-for-profit organizations and many large corporations -- all of whom contribute to our goal of an innovative, competitive, "high tech, high wage" society -- will have contributed $495,000,000 in deficit offsets for the period 1991 - 1995. Because $35 million of that amount has not been made available to the Patent and Trademark Office for patent examination purposes, many of our constituents call this withholding of deposited fee surcharges an unfair "tax on innovation."

The Clinton Administration has forwarded to the Congress appropriations language for FY 1995 which would make available directly to the PTO all fees collected from the sale of its products and services, including those fees mandated for deposit to the Fee Surcharge Fund. An FY 1995 authorization bill supportive of this proposal will shortly be submitted to the Congress. Members of my staff, as well as staff from the Department of Commerce and the Office of Management and Budget, have been working closely with staff of the Committees on Appropriations, Budget, and the Judiciary to refine the technical aspects of our proposal. These discussions have been very candid. On the plus side, I believe we have resolved a major issue relating to the scoring of our proposal. The Administration acknowledges that the Congressional Budget Office (CBO) scoring of the PTO discretionary spending and offsetting receipts from our patent fee surcharges does not violate the "PAYGO" provisions of the Budget Enforcement Act. Yet to be resolved, however, are the effects of that scoring on this subcommittee and on the 1995 appropriations language for the PTO. I intend to continue working with the subcommittee to resolve these outstanding issues. In the interim I ask that you consider the positive benefits of our proposed appropriations language. I believe it provides a fair shake to our users. Equally important, all of the revenues we are seeking directly support President Clinton's and Secretary Brown's goal of renewed and expanded economic opportunity and job creation for the American people.

FY 1995 REQUEST LEVEL

As I have stated above, our request for FY 1995 is $571,439,000. This program represents a $67,418,000 increase over the program enacted for fiscal year 1994 -- $504,021,000. The additional income -- entirely funded by fee revenue -- which is necessary to fund this program would come from increases in services requested or workload. We plan to propose an adjustment equal to the Consumer Price Index only to statutory patent fees and patent service fees for fiscal year 1995.

Of the $67,418,000 increase, a portion will be used to fund adjustments to the FY 1994 base program. These adjustments total $33,767,000, of which:

- $14,671,000 is needed to restore funding reductions in the FY 1994 enacted budget;

- $12,294,000 is needed to fund a fiscal year 1995 pay raise and the costs in fiscal year 1995 of the fiscal year 1994 locality pay adjustment;

- $2,976,000 is needed to fund the full-year salaries in fiscal year 1995 of those employees hired in fiscal year 1994; and,

- $3,826,000 is needed to compensate for inflation.

Our proposed budget initiatives of $33,651,000 include:

- $4,969,000 for the cost of processing the expected increase in workloads;

- $24,381,000 for developing and implementing programs for the Automated Patent System, our automated management and administrative systems and for preparatory work to provide public access to our extensive databases via the National Information Highway;

- $4,301,000 for funding quality programs including those aimed at expanding the patent quality review program, enhancing patent classification activities, and providing enhanced search tools to patent examiners.

The funding requested for FY 1995 supports our primary goal of providing American business and industry with the highest level of quality and customer service in all aspects of our operations.

We will achieve this goal through our efforts:

- To once again reach our average pendency times of eighteen months for patents and thirteen months for trademarks;

- To enhance the quality of our products and the efficiency of the services we provide through the application of business reengineering techniques, particularly through development of our automated Patent Application Management system; and

- To promote effective access to our vast databases of scientific, technical, and business information using the latest technologies, including the National Information Highway.

Implicit in our achievement of these goals is the availability of sufficient resources. Our proposed appropriations language will provide us with the revenues needed. We are also fortunate in this budget to have been provided the personnel ceilings necessary to meet our 1995 goals. We have reduced our administrative overhead staff and we plan to contract out functions that are non-Federal in nature. These measures will enable us to preserve the staff that is needed to process the inventory of work we have in our application processing pipelines. We expect our workloads to continue to grow in the future. In order to provide our customers with the best service possible for the fees that they pay, we will require additional staffing in 1996 and beyond. We will work with the Administration to reach a personnel ceiling that accommodates our growing workloads.

Before I conclude, I am pleased to announce that the PTO, along with three other Department of Commerce agencies, has been selected as a 1994 pilot program under the

Government Performance and Results Act. The PTO has a long tradition of measuring its performance and we are committed to finding new and better ways of demonstrating the value of patents and trademarks for our customers and the Congress.

Mr. Chairman, this concludes my statement. I will be glad to answer your questions.

FEE PROPOSAL

Mr. MOLLOHAN. Okay, Mr. Lehman. Thank you.

Let's first discuss the appropriations language that you are proposing, directing that the collections of the patent surcharge fees be credited to the PTO salaries and expense appropriation. Our concern is that it has not been scored favorably by CBO. Is the Patent and Trademark Office or the Office of Management and Budget working on any alternative proposals that will solve our problem?

Mr. LEHMAN. Well, the short answer to that is yes, Mr. Chairman. We have been working on it from the very beginning. Let me say that one of the things that I am very pleased about is that President Clinton and OMB Director Panetta recognized this problem early on and have been fully supportive of the notion that these user fee funds should not really be scored as part of the traditional budget process, and so we have been looking for a solution to this from the very beginning. We worked very closely initially with OMB, and then there was some work with CBO, and we thought we had this all resolved. We have gone back and forth at various times and we still aren't quite there yet, but I think we are making progress.

Mr. MOLLOHAN. Do you appreciate the problem that it creates for this Committee?

Mr. LEHMAN. We absolutely appreciate it, and we will do everything we can to try to help you resolve it. It is important not just for you and for us; I think it is really important for all of the agencies that are within your purview including the Commerce Department.

Mr. MOLLOHAN. What proposals might you suggest to begin addressing our part of this problem?

Mr. LEHMAN. Well, initially, we had proposed that the revenue be classified as offsetting receipts as opposed to offsetting collections, and by doing that, in effect the 602(b) allocation of the Subcommittee would be unaffected, would be raised accordingly, and there wouldn't be any problem.

At one point we were told that that was possible, and then we were told it wasn't. Now, would you sort of back——

Mr. MOLLOHAN. Who suggested to you that that was possible?

Mr. LEHMAN. The OMB staff. And then we had a problem with CBO. As I understand it now, the latest CBO recommendation does indeed classify the $107 million in fee revenue that we expect to get as offsetting receipts and has that listed with the budget appropriation. So we have perhaps the makings of some kind of understanding, whatever the bottom line is. If we cannot work through this and we seem to be stuck with a language problem or a semantic problem that is irreconcilable, we will go back and work with OMB and try to come up with something that will solve our problem.

Mr. MOLLOHAN. Well, work on the language, but solve the numbers problem. Because to get to the numbers problem, you have to deal with the language, but that is our problem, and it is a very big one and one that we find difficult to accommodate.

What has been the impact on the Patent and Trademark Office in not getting the full benefit of the fund in the past?

Mr. LEHMAN. Well, it has a direct impact on quality. I had the great advantage when I got this job that President Clinton asked me to do the transition for the Patent and Trademark Office. As part of that process I went around and talked to the people that used the system. And I found out that, in fact, there were a lot of benefits. There had been progress made.

PENDENCY

By the way, the user fee funding system is a part of that. We made a lot of progress in reducing pendency, for example. We had a disastrous situation a number of years ago that has been resolved. But the most serious remaining problem is quality. And to tell you exactly what I mean by that, quality means putting out a patent that is a valid patent in which the patent examiner has managed to look at all of the prior art and can assure the patent applicant that there is nobody else out there with priority in that area.

That is extremely important, because if that information is not made available properly and the patent is issued, later on there will be litigation. All of the stimulative economic activity that we expect to arise out of this patent will all go sour. In fact, that happened recently in a very important case that I looked at in the software industry and had some hearings on in California. We have gotten lots of complaints from some of the most innovative areas in the American economy, and the single greatest reason for that is that we have been speeding up the assembly line. We have been speeding up the line at the Patent and Trademark Office at the same time that the amount of technology that examiners have to look at has increased.

We have 30 percent more documentation in our technology files that an examiner has to look at today than we did 10 years ago. And you reach a point where you can't go any further without adding resources. Now, I think we are going to be able to redirect resources in the Patent and Trademark Office, given our present fee structure, to emphasize quality and to deal with this problem. But if these fees are siphoned off, then we will not be able to do that, and we will start to have a problem.

Really, you reach a point when if you don't issue valid patents, you might as well not even issue any at all, because there is no reason for the system.

BENEFITS OF FULL FUNDING

Mr. MOLLOHAN. A bit more specifically, if you would, what are you not able to do today that you would be able to do if you received the full funding?

Mr. LEHMAN. Well, specifically——

Mr. MOLLOHAN. Have you looked at what you would like to do with these dollars?

Mr. LEHMAN. Oh, absolutely. Yes.

Mr. MOLLOHAN. What is the current amount that is funded?

Mr. LEHMAN. $35 million.

Mr. MOLLOHAN. So we are talking about $35 million. Have you looked at that with an eye to saying I would like to do these things with that money?

Mr. LEHMAN. Absolutely.

Mr. MOLLOHAN. What are the things that you are not able to do that you would like to do with that money?

Mr. LEHMAN. Well, I have a whole shopping list.

Mr. MOLLOHAN. Share part of it with us in a priority sort of way.

PERFORMANCE MEASURES

Mr. LEHMAN. Sure. The most important thing is that we need to focus on quality, as I mentioned. Right now the only criteria that we use to judge a patent examiner's performance—and I am almost embarrassed to say this, frankly, because I think it just prima facial is not correct—is the amount of paper that the examiner pushes across his or her desk. Literally, that is it. So, if they rush through those papers, if they don't do a good job, there is absolutely no negative reflection on their performance. And that is because productivity is the only criteria by which we measure an examiner's performance.

Mr. MOLLOHAN. So their main problem is having to go through so many pieces of paper in order to do their job?

Mr. LEHMAN. Exactly. And the pieces of paper they have to go through are increasing. So my first priority is to reexamine the performance system and to build in other objective measurements for quality. Even though we have the advantages of automation and other things that are coming into place, that will have to result undoubtedly in giving them more resources, better access to more databases, and probably, giving them more time, which means that if we are to keep pendency at the present rate, we ultimately may have to hire more patent examiners.

Mr. MOLLOHAN. Do you anticipate patent technology being a part of this solution?

Mr. LEHMAN. Technology is a part of the solution. I have to tell you, Mr. Chairman, I know you are probably familiar with this, because you have been on this subcommittee for a long time, but I think one of the most troubled areas of the Patent and Trademark Office has been its automation program over the years.

APPLICATION OF INCREASE REQUESTS

Mr. MOLLOHAN. I don't want to leave my point here, if you will. What I am interested in is, to what extent are you able to deal with this quality or productivity issue with the current resources you have, and to what extent would you be able to accelerate that process? This is your priority, and I asked you to talk about it on a priority basis.

To what extent would you be able to accelerate this if you had access to this $35 million?

Mr. LEHMAN. We would be able to solve the problem.

Mr. MOLLOHAN. More specifically, what is it that you are not able to do? Purchase equipment for example?

Mr. LEHMAN. The most important thing is that we are not able to hire enough patent examiners. This is really what it boils down to. Because we are asking each patent examiner to do more than they can presently do right now under the circumstances. That is really what it all boils down to.

Mr. MOLLOHAN. You are talking about their maximum productivity, technology or no technology.

Mr. LEHMAN. That is correct. In fact, the technology in some ways makes the job of the patent examiner more difficult, as I mentioned. This makes sense if you think about it. We are in a high technology growth economy. There is literally 30 or 35 percent more technology out there that an examiner in a given field has to look at in order to make the patentability determination.

Mr. MOLLOHAN. Of course, when I talk about technology, I am talking about technology to help you become more efficient. I hear you suggesting that you need more personnel. If that is an accurate perception of your testimony, how do you reconcile that with your budget estimates that reflect administrative and FTE reductions in compliance with the President's Executive Order?

FTE REDUCTIONS

Mr. LEHMAN. Well, you have touched on a very central point that we have to work through. First, we are making the Patent and Trademark Office more productive, and part of that is through FTE reductions. But those FTE reductions are exclusively in the nonexamining areas. In other words, we are not reducing patent examiners.

We are automating all of the clerical functions, the pre-examination functions, the post examination functions, and we expect that to achieve considerable savings in FTE. In addition, we are contracting out.

By the way, contracting out isn't always the cheapest way to resolve the problem. But since we are, at the present time, operating under the overall objective of the Administration to reduce FTEs, we will probably contract out some of these clerical functions that we could maybe even do more cheaply in-house. Basically, we are using contractor support to perform these functions, and we are not taking these resources out of the examining area.

CONTRACTING OUT

Mr. MOLLOHAN. To what extent are you contracting out simply to meet your FTE reduction requirements?

Mr. LEHMAN. To a certain extent, we are.

Mr. MOLLOHAN. To what extent?

Mr. LEHMAN. 100 FTEs, at least.

Mr. MOLLOHAN. You are contracting out in order to achieve a 100 FTE reduction?

Mr. LEHMAN. That is correct.

Mr. MOLLOHAN. Are there any savings associated with that?

Mr. LEHMAN. I don't believe so. In fact, in some cases it is more expensive.

Mr. MOLLOHAN. In this case is it more expensive?

Mr. LEHMAN. In this?

Mr. MOLLOHAN. In this case, in this process.

Mr. LEHMAN. Yes. The answer is, yes.

Mr. MOLLOHAN. So it is going to cost you more money. It is going to cost us more money to achieve compliance with your FTE reduction goals by contracting out, and that is the way you intend to achieve compliance with your FTE reduction goals?

Mr. LEHMAN. That is correct. We would obviously like to change that over the long term, but for the time being, that is the case.

Mr. MOLLOHAN. Do you have estimates of——

Mr. LEHMAN. Of the amount of money?

Mr. MOLLOHAN. Of the difference of how much more it is going to cost you and your users?

Mr. LEHMAN. We can get back to you. It is probably a couple of million dollars. It is 30 to 50 percent more to contract out, I am told. In terms of the $571 million budget, it is not, half the budget, but it is in the millions. There is $1.6 million dedicated to the clerical contract. And I guess if you assumed the cost is 35 percent more, is $1,200,000.

AREAS FOR CONTRACTING

Mr. MOLLOHAN. What functions are you contracting out for?

Mr. LEHMAN. They are mainly in the mailroom and formalities areas, what we call the pre-examination functions. When a patent comes into the Office, the patent attorney—and this is true of a trademark attorney, too—files an application. Obviously, the first thing that happens is it hits the mailroom, and so it has to be processed. We get four and a half million pieces of mail a year. We have our own zip code. It is an enormous enterprise. Then it goes to someone who takes a look at it and makes sure all of the documentation is there, does all of the administrative preparatory work before formal examination.

There is a lot of work involved in that, before it even gets to the examiner's desk. That is the sort of thing that you can contract out fairly easily. By the way, it is also the sort of thing that will become automated as a part of our Patent Application Management system that we are now putting into place, and we will see long-term savings there.

The one area that you really cannot ultimately fully automate in terms of achieving real savings is the examination process. In fact, it gets more expensive, because you have to hire Ph.D.s these days, not just B.S.s.

Mr. MOLLOHAN. I can imagine you find yourself in a very difficult situation, achieving an FTE reduction, a rather arbitrary reduction given your needs, through the contracting out process which is going to ultimately cost you and your customers more money. Can you comment on that?

Mr. LEHMAN. Yes, I can. I think that if I have, as Commissioner of Patents and Trademarks, two things that I can accomplish during my tenure there, they would be to deal with what ironically are these very arbitrary rules. When we talk about Reinventing Government, there are just really arbitrary red tape problems, the kind of things that people are really very unhappy with out there beyond the Beltway.

REDUCING STAFF

Mr. MOLLOHAN. And further, ironically, one of the real red tape problems you have is to arbitrarily reduce FTEs when it is ultimately going to cost you and your customers more money.

Mr. LEHMAN. The two problems are: one, the 602(b) allocation problem which stops our customers from getting their money's worth out of what they are paying; and two, the FTE reduction. I guess I am an optimist, I am confident, just like with the 602(b) problem, that we will achieve a solution with the FTE problem as well. We can handle it for the next couple of years by making these reductions in the pre-examination area and so on and so forth. But if it ever starts to cut into the meat, into the examining corps, what is going to happen is that not only will our quality then really go down, not only will our pendency go up, but, ironically, the revenues will go down, because we are a fully fee-funded agency.

It is like saying to Chrysler Corporation, which is booming these days, even though you have gotten real lean and mean and efficient, once you really start to become competitive, you can't hire any more people, because we are just not going to let you, so you are not going to make any money. And you know, it is a downward spiral rather than the upward direction.

Mr. MOLLOHAN. What is your approach to addressing this problem?

Mr. LEHMAN. Well, my first approach, Mr. Chairman, is to work with the Administration. As I have indicated, OMB Director Panetta has been, I think, very responsive in trying to work through the 602(b) problem and I think they probably will be responsive on the FTE problem as well. But I have only been in office since August 5th, and we are making do, for the moment, with these measures that I mentioned. But we will clearly have to roll up our sleeves and deal with this other problem.

OMB'S ROLE

Mr. MOLLOHAN. We are honored to have OMB here with us today hearing your testimony. I am curious to know, have you interfaced with OMB on this?

Mr. LEHMAN. Yes, we have.

Mr. MOLLOHAN. What has been the nature of those discussions?

Mr. LEHMAN. Well, at this point we are in discussions. And to be fair to them, and certainly to be fair to the director, we all have.

Mr. MOLLOHAN. You definitely want to be fair to the Director.

Mr. LEHMAN. We have a big job. You know, we are trying to turn around this country. This Administration is involved in health care and lots of other things. We are trying initially to tackle the 602(b) allocation problem. Where we are on it is that we have agreed that this is an issue that we need to work on, but since we have to put first things first, the FTE problem is not yet a crisis problem. We have a little breathing room to work something out.

Mr. MOLLOHAN. I would think it is more of a 602(b) problem than it is an authorizing committee problem.

Mr. LEHMAN. Yes.

Mr. MOLLOHAN. But my question is, what is the nature of your discussions with OMB?

Mr. LEHMAN. Basically we have——

Mr. MOLLOHAN. Do we have some preliminary solutions?

Mr. LEHMAN [continuing]. We have alerted them to the problem.

Mr. MOLLOHAN. You have had no substantive discussions with OMB about this problem?

Mr. LEHMAN. Well, we have had substantive problems.

Mr. MOLLOHAN. I am asking if you had substantive discussions about the problem and what is the nature——

Mr. LEHMAN. We have talked about what the solutions might be and it is a question of it not having worked its way through the system. Clearly, the solution would be an exemption for the Patent and Trademark Office from the FTE limitation.

Mr. MOLLOHAN. Precisely. And where are you with that?

Mr. LEHMAN. Well, we have suggested that, and as I said, it is just a question of decision-making and focus within that process. Clearly, there is a justification for that where you are dealing with a user fee-funded agency, which is in a growth business. There is a vastly different situation with the Patent and Trademark Office than when you are dealing with taxpayer revenue, than when you are trying to deal with programs that may no longer have a purpose for existence, and we are just the opposite of all of that.

Mr. MOLLOHAN. Sure. What has been OMB's initial reaction to the suggestion that you might be exempted?

Mr. LEHMAN. Well, I would say receptive. But, it is a question of priorities.

Mr. MOLLOHAN. So we have some thoughts about an exemption. Have you discussed this with the authorizing committee?

Mr. LEHMAN. Our authorizing committee is very aggressive in oversight of us, and, of course, we have made them aware of all of these problems. But, obviously, it would be inappropriate for us to recommend the legislation or a change until we have cleared that within the administration.

Mr. MOLLOHAN. Okay. Which you have not done.

Mr. Rogers.

REQUESTED INCREASE

Mr. ROGERS. Thank you, Mr. Chairman. Welcome, Mr. Lehman. Congratulations on your appointment.

I want to talk to you in some more detail about the proposed increase in your budget and what you expect to do with it. Now, you are requesting a $67.5 million increase over the current year, which is probably a 12, 13 percent increase.

Mr. LEHMAN. Thirteen percent.

Mr. ROGERS. And that is at a time when this Subcommittee is having to pinch pennies. We are being asked by the Director of the FBI to lay off FBI agents at a time when the Nation is having a crisis in crime.

The DEA Administrator is going to ask us to approve a budget that cuts hundreds of people out of his agency. We are going to be asked by the Administration to catch up on United Nations peacekeeping efforts, of which we are $1 billion in arrears in 1994 alone. And here you come in here with a 13 percent increase at a time when we are not going to have more money to spend in the whole Committee than we had this year, in spite of all these wars, domestic and foreign, that we are being asked to fund.

Now, you are going to have to be really persuasive, not to say you haven't been so far, in order to coax that much money out of us.

Now, tell me what is the urgency of a 13 percent increase in the Patent Office when we can't even fund the FBI's drug war?

Mr. LEHMAN. Mr. Rogers, there is an enormous difference between us and the FBI, and that is that our 13 percent increase reflects quite literally 13 percent more revenue flowing into us because our users are filing that many more patents and that many more trademarks. They are filing those fees because they expect us to examine those additional patents and trademarks. Just as if they were buying automobiles from General Motors, and they put out $10,000 for a new car, they would expect to get a car back that was worth $10,000. And that is the difference.

Unfortunately, it would be nice if somehow or other we were to figure out how criminals were to fund the FBI's enforcement activities. We haven't yet been able to do that. That money has to come out of taxpayer revenue.

Our users, in fact, made a contribution to resolving these very problems in the FBI back in the budget reconciliation agreement with President Bush when they agreed to put the Patent and Trademark Office on a fully fee-funded basis. And they said we won't use any tax revenue at all, and that was the bargain that they made with Uncle Sam, that they made with the Federal government. I think we would start to lose faith with them if we went back on that bargain.

We all know that there are a lot of people who are very mad at us here in Washington precisely because they don't feel that we can keep our word.

Mr. ROGERS. I assume that you can convince OMB of that argument. If you can, more power to you.

Mr. LEHMAN. We have. They agree with us.

Mr. ROGERS. On the scoring?

Mr. LEHMAN. The OMB does agree with us. The CBO is the problem.

Mr. ROGERS. You know, if you can convince CBO of that, that is a different question. But we have to assume for the moment that this is going to be monies that are scored against our allocation. And so consequently, I think it is especially worthy of questioning.

Of the $67.5 million increase, according to your statement, $14.5 will be used to restore funding reductions in the 1994 budget which we approved. You are asking to go back and catch up on the past year with those new dollars. Of course, $12.3 is to be used for your 1995 pay increase, the locality pay adjustment for 1994; I understand that.

Almost $3 million is needed to fund the full year salaries in fiscal year 1995 for those employees hired in fiscal year 1994. You know, we are through with 1994, I thought.

Mr. LEHMAN. I would be happy to explain why that is for you, Mr. Rogers.

Mr. ROGERS. Please.

Mr. LEHMAN. First of all, the Patent and Trademark Office, you really have to look at it more like you look at a business than a government agency. I think the reference to a car company is not really way off base. We have an advantage that they don't, though. People pay us for what we do before we do it, and then we go and we examine the patent or trademark and that process takes over 18 months. And so when money flows in the door, then we have to carry out the examination process.

So when you see this sort of odd relationship between the fiscal years, what that represents is the fact that money has come in the door. We know that business is going to be going up; we know we have to process those applications, and then if our business is increasing, and our business is increasing that is why you see the revenue go up, because more people—which is good for our country, by the way—we are filing more patent and trademark applications. We have got to be able to deliver.

If you made that kind of deal with General Motors and they said we are going to pay you $10,000 for a car, and then one, you didn't get the car, or two, you got a $7,000 car instead of a $10,000 car, you would be kind of mad.

OFFICE AUTOMATION

Mr. ROGERS. Now, let me ask you about the automation. You are asking for $8 million to be allocated for developing and implementing programs for the Automated Patent System and so forth to provide access to the other databases via the National Information Highway. Explain that to us, please, what that money would be used for?

Mr. LEHMAN. Well, one of the major changes that has been made at the Patent and Trademark Office in the last 10 years is that we have automated our databases. That is, all of the patents and all of the images associated with those patents going back to the beginning have been digitized, and now can be retrieved through a computer mechanism.

Up until now, the only people who can use that are patent examiners in our Patent and Trademark Office for the purpose of examining patents. One of the great advantages, however, of automating this patent database is that—and this is a very central part of what we are talking about when we talk about the electronic superhighway and the information infrastructure—we can now make this largest technological library on Earth available to engineers in your district in Kentucky, in West Virginia, in California, so that they can have, for the first time in history, electronic access to this database.

Now, this isn't in place yet. That $8 million that we are talking about is basically to create the socket, if you will, so that through the emerging information highway they can plug into our office and have access to that data.

This, again, directly goes to one of the major things that I know all of us are concerned about, and it is a major theme in President Clinton's Administration, and that is to provide the resources to the American people that they need to become the most competitive and productive in the world. And I can tell you that that engineer in Detroit or that engineer in Kentucky is going to find this to be a competitive advantage compared to his colleagues in other countries, and it is an investment of $8 million that is well worthwhile.

Mr. ROGERS. When will you be up and running with that?

Mr. LEHMAN. At the present time, our plan is to have this system fully in operation by 1998. I would like to make the point here that all we are doing is creating the socket. I think there is going to be tremendous potential here for the private sector.

We have 15 companies that work with us that are creating new information products based on this database. They are impacting the economy, they are creating jobs. They are going to be able to provide user-friendly products based on this database that you and I couldn't even think of, and they are going to satisfy various other technological niches out there. They will be the ones that will make the big investments that will really create the economic growth. This $8 million is nothing more than just a tiny little seed funding that, creates the sockets, so that they can build the system and create the lines and the networks that will plug into this database.

Mr. ROGERS. Is that $8 million a part of the $24.3?

Mr. LEHMAN. Yes, it is.

Mr. ROGERS. And the rest, I assume, would be going to continue the automation of the trademark system and the patent system?

Mr. LEHMAN. That is correct, yes.

Mr. ROGERS. Now, when will the automation be complete?

Mr. LEHMAN. Well, basically, the automation program, as we now know, will never be fully complete. But the capital project started in 1983, and in 1983 we were literally having patent examiners do their work in handwriting, just like they did back in Thomas Jefferson's time. And I must say, to show that this is not by any means a partisan thing, it was President Reagan and his Commissioner of Patents and Trademarks who made the decision to move to a fully automated system. So now we are about halfway there in that process.

That process will be completed at the end of this century, basically, 1999, 2000. And from then on, it is just really a question of maintenance and keeping the systems going. Interestingly, when we started this out in 1983, we were at the cutting edge of a lot of these computer technologies.

Increasingly, we find that we are able to buy off-the-shelf products. We are even saving some money in this budget on our automation program because we have decided to not buy about 400 specially made workstations that we would have to have specially made for us, and would cost about $45,000 each. Now we see that if we wait one more year, we are going to be able to get off-the-shelf workstations at $12,000 a piece.

We will be able to have them on every examiner's desk. So we are benefitting from the growth of the U.S. information infrastructure and the U.S. computer industry, which, by the way, is very patent dependent and a user of our office in this process. At the beginning we were at the cutting edge, and made this big investment which is starting to pay off however, increasingly, it is becoming less and less onerous because we are finding that we can, even in the future, save money buying off-the-shelf products.

RELATIONSHIP WITH OTHER R&D RELATED AGENCIES

Mr. ROGERS. Now, with this system how will you interact with federal research and development agencies like NIST, defense R&D programs and others, to share information on leading edge technologies, which might be applicable to your mission?

Mr. LEHMAN. Well, I know that NTIS has $18 million, I think, in their budget request to automate a lot of their databases. Increasingly, we will have access to these databases and that will help us examine patent applications efficiently.

I should also point out that the largest single group of patent applicants before the Patent and Trademark Office are the various research agencies of the Federal Government and, of course, they pay us fees out of their budgets for that service. Those technologies, in turn, are made available to the private sector under license and historically have been one of the primary fountains of U.S. technological growth in the private sector.

Mr. ROGERS. Well, Mr. Lehman, I must say you bring this task great background and enthusiasm and knowledge of what you are doing and we wish you well and we will try to arm you with whatever we can.

Mr. LEHMAN. I look forward to working with you, Mr. Rogers.

Mr. MOLLOHAN. Mr. Moran?

FEE FUNDING

Mr. MORAN. Thank you, Mr. Chairman. You know, if we were going to start all over again and decided that we needed to federalize the Patent Office, we would have to come up with a proposal that paid for itself. So what we would do is to levy a tax on people using the system, and that tax would be sufficient to offset the cost of the system. And the only reason we have a different mechanism for scoring it now is that the Feds, the Treasury, wants the money, but it is inconsistent philosophically and it really needs to be changed by the authorizing committees.

So maybe the Subcommittee could send a letter even to the authorizing committees letting them know of our strong feelings in this regard. It just doesn't make sense that these people are paying for the cost of having the patent process and then that money is actually going in to pay for, essentially, other services, even though it is put into the surcharge fund.

SPACE NEEDS

One of the things that it is paying for, that this tax on patents is paying for, is the Federal public buildings fund to build public buildings for other agencies. And the reason that is the case is because it goes to GSA. And GSA pays the private landlord for the 14 office buildings that the patent and trademark uses considerably less than they charge the Patent and Trademark Office.

So it seems to me that if I were paying for the processing of a patent, I would want my money to go in for that purpose and not to be used to fund other agency's public building construction, nor to pay for anything else in the Federal Government, actually. It would seem that there is about $4.30 per square foot that is actually going into the public buildings fund. That is the difference between what you pay GSA and what GSA pays the landlord. So if you had the same authority that the Securities and Exchange Commission has, which is very much a similar type of agency that could well run on its own with the fees that it charges, then immediately you could pay directly the landlords, and, of course, you would actually have more control over your working conditions, which makes a lot more sense than to have that intermediary in there.

I would hope that we would consider doing that. How much square footage do you use, Mr. Lehman?

Mr. LEHMAN. At the present time, Congressman, we have $1.4 million, roughly. Because we are a growing business and we expect technology to increase, we ultimately will have to expand in the rest of the decade to about 2 million square feet.

Mr. MORAN. So if it were 2 million, that is $4.30 a square foot, so that is over—well, that is nearly $10 million. In fact, even 1.4 million square feet is just about $6 to $7 million that is not being used for the purpose for which that fee is paid. It is going to pay for somebody else's public building construction. That just doesn't seem right.

I have heard some concerns that the process of reviewing and approving patents and the like is too lengthy, doesn't need to be as long as it is. A few people gripe about the cost. But gosh sakes, if people that are paying this fee were aware of what it is actually being spent for, there would be a lot more griping. So that, it seems to me, is the most important issue that this Subcommittee can discuss with regard to the Patent and Trademark Office.

Now, GSA increased your charges by 3 percent in fiscal year 1995. You got them down to charge a little less than that, but if they had not even increased your fees, they would still be taking more from you than they are having to pay the landlord. That is correct, isn't it?

Mr. LEHMAN. Yes, Mr. Moran.

Mr. MORAN. So what we are doing is paying for a bureaucracy and for this public buildings fund, Lord knows what it is being used for. Okay.

I guess I have made my point on that, haven't I? We have got it on the record.

Let's talk a little bit more, though, about the subject of the consolidation and the fact that you are going to need about 2 million square feet, because the advance in technology and the fact that we are clearly the world's leader in the giving—in the granting of patents. How much does it cost in England, for example, to get a patent?

COMPARISON TO FOREIGN PATENTS OFFERS

Mr. LEHMAN. Well, England, I think, is not a fair example. If you would permit me, I would rather speak about the European Patent Office, which is a comparable office. The three biggest offices in the world are the European, the U.S. and the Japanese Patent Office.

Mr. MORAN. But if I were in England and I wanted to get a patent in England, what would I——

Mr. LEHMAN. I don't know the exact figure for England, Mr. Moran, but I can tell you that for Europe it is $88,000. For the 13-member countries of the European Community, it is $88,000. We charge $7,500, and if you are a small business or an individual, we charge half that, $3,750.

Mr. MORAN. So that is phenomenal. Any of the 13 nations in Europe, you would have to pay $88,000 to get a patent, and you go to the United States and you pay $7,500 or $3,300 or something for an individual. That is unbelievable.

Mr. LEHMAN. That is correct.

Mr. MORAN. That is why so many foreign patents are going through the United States. How much is it in Japan?

Mr. LEHMAN. It is probably double what it is in the United States. It is a lot cheaper than Europe. There is no question, Mr. Moran, that the United States Patent and Trademark Office is the most efficient Patent and Trademark Office in the world, and the most productive.

We have the lowest pendency; we provide the lowest cost. One of the things that we are hearing, though, particularly compared to the European Patent Office, is what our customers are telling us that do have some quality problems. I would guess that you would get a little bit more for $88,000. But we are not asking to increase those fees to $88,000. All we are asking is just to be able to use the money that people are paying us right now to improve quality.

Mr. MORAN. Well, you couldn't get away with it, if the money isn't being used for the purpose for which it is being paid. I can't see how you could justify increasing the fees. Maybe we could increase it after we rectify that situation.

CONSOLIDATION

You are going to request a consolidation. You are going to consolidate and you need more office space. You have been in the office space that you have been in now for quite some time, I gather?

Mr. LEHMAN. The Patent and Trademark Office moved to Crystal City around 1960–1970. It was one of the first tenants in that complex.

Mr. MORAN. So we are talking about 25 years. So you have a 35-year life on the building, so clearly you need some modernization.

Mr. LEHMAN. Well, our leases expire in two years, so we have to do something. We have to either renew the leases or we have to move.

Mr. MORAN. You need to be on a Metro site, I would imagine.

Mr. LEHMAN. That is correct. It would obviously be a great hardship on our employees, and on our ability to get employees, if not on a Metro site.

Mr. MORAN. I see, though, that in your request for solicitation you included the District of Columbia and I was kind of concerned about that and surprised, because D.C.'s average lease cost is $41 a square foot, according to previous testimony. And even if you paid the highest where you are now, it is less than—it is more than $10 less than what you would pay in D.C.

So if we are talking about 2 million square feet at $10 savings per square foot, roughly, and it may be more by the time the bid is leased, we are talking $20 million, which is not money you can really afford to give up for the purpose of being at a different Metro station across the river.

What are your most recent plans with regard to where you might locate, and what might be the solicitation for bids?

Mr. LEHMAN. Well, Mr. Moran, as you probably know, this is between the Patent and Trademark Office and the GSA. We have to ask the GSA what sites that are available to us. The District of Columbia is indeed within the area that we are looking, and the GSA has discussed with us possible sites, both in Virginia and in the District of Columbia, to which we might move. This is at a somewhat preliminary stage, but I would say this, that the most significant criteria that we will be looking at obviously will be the cost of the space.

Given the fact that we need to put every single penny of our resources that we can into the examination of patents, into a quality patent, obviously we cannot be wasting money on overpriced space. You have already indicated some of the problems with that under the current situation. So that is going to be a very important factor. And I think it would only be appropriate that any government agency should look at the most competitive bid.

Ideally it would be nice if we could experience some of the savings that we would receive, as opposed to the Federal building fund or whatever, but this decision will be made on the basis of who is the most competitive. There are factors. I think it would be very counterproductive to move the Patent and Trademark Office to an extremely remote location that no one could get to and so on and so forth.

Mr. MORAN. Well, remote would be essentially any place that didn't have a Metro site.

Mr. LEHMAN. Yes.

Mr. MORAN. So that you really need Metro accessibility to D.C. and to the other Federal offices.

Mr. LEHMAN. For all practical purposes, probably the half a dozen sites which have been mentioned to us by GSA, all but one are in Virginia, and one is in the District of Columbia.

Mr. MORAN. All right. Well, I sure hope that we don't get a situation where GSA spends this public buildings fund to modernize or construct a new building and then has to find somebody to put into it, even though it will cost the agency considerably more.

Mr. LEHMAN. Mr. Moran, I promise that I will keep you informed of all of those developments, so you will be well aware of what is going on.

Mr. MORAN. I trust you will. Thank you.

I have some other questions, but I think at this point it would be nice to give Mr. Skaggs an opportunity to ask his.

Mr. SKAGGS. If you are going to have another round, Jim, why don't I go vote, because I have to do some work on the Floor anyway, and I will pick up later. But don't go away.

Mr. MORAN. Actually, if you want to ask yours now, I can—

Mr. SKAGGS. This will work better for me.

Mr. MORAN. All right. Go ahead.

PUBLIC ACCESS TO PTO

Let me ask you about the idea of getting off the mundane issues of space and so on, although they are terribly important, but about the public accessibility to the decisions that are made by the Patent and Trademark Office. There has been some discussion about the idea of having public hearings for at least major patents issued or getting some public comment in.

Some corporations think that is a good idea; others think that the current process is by far the better, and that they don't think that it would really serve any constructive purpose. Would you comment on that?

Mr. LEHMAN. I will be happy to, Congressman. First, the primary objective that we have is to improve the quality of the patents that we issue, so that they will take our patentees to the bank, to stockholders, to venture capitalists successfully and not to the courthouse. This, as I mentioned, has a lot to do with resources.

We have got to make certain that we have the databases available to the examiners and that we have examiners who have enough time to make adequate determinations. But there are some other aspects to this problem that we might address that will also improve quality.

One of them is that no matter how hard a patent examiner looks for prior art—and keep in mind that if there is prior art that is the same as this invention, then you have no invention and you have no patent. And the fact that we issue a patent and may not have caught that prior art doesn't help the patentee really in the end. Because if they get five years out and then they have spent, you know, millions and millions of dollars to develop this invention that they expect to recoup because of the exclusivity of the patent, then all of a sudden they find that they didn't have a valid patent and the whole thing goes south and they have a big lawsuit and they don't have that exclusivity. They have really lost out. So I think it is in everybody's best interests to make as absolutely certain as we can that we have gotten all of the information about a given patent technology before we issue the patent.

Now, as I say, we can do various things internally to do that. But one of the things that we are looking at that might help us is the possibility of—and we haven't made a final decision on this yet, but it is the possibility of publishing the patent before it is actually issued. And that way, people at least would be aware of it.

If they had some information that they could supply to us, it might help us make that final determination. It is a system that is used in most other countries in the world. It is not used yet here in the United States. We keep the patent application secret until it is issued.

The other thing I would like to assure you of, and this, I hope, will be a hallmark of our administration—is that we are not going to do anything without going out and giving everybody in the public and all the people that use our patent office a chance to get their two cents worth in. In fact, we have had about six days of public hearings so far. We have had over 400 submissions of written testimony and probably close to 200 individuals who have testified to a variety of aspects of the patent system, and at all of those hearings I have been asking people about this very question. And I must say, much to my surprise, I am finding very few people who are saying that there is anything wrong with what we call pregrant publication.

Most people seem to think it is a fairly good idea. There are, you know, some people who have their twist on exactly how it should be done. We are evaluating all of the public comment right now, and we will probably be coming out with some decision on that in the not too distant future.

IMPACT OF TRADE AGREEMENTS

Mr. MORAN. Good. That seems to be a very reasonable approach, actually. I like that. Tell us briefly what will be the impact on PTO's operations of the NAFTA and GATT agreements. I think we ought to touch on this while we have a hearing with you, because it could be of some consequence.

Mr. LEHMAN. Well, I think they are going to increase our business, Mr. Moran, quite considerably, because those agreements were extremely successful from an intellectual property point of view.

One of the major achievements that we got in the GATT agreement was the TRAIPS agreement, the trade related aspects of intellectual property rights. In fact tomorrow, Ambassador Kantor will be in Marakesh to sign that agreement, and with the stroke of a pen we will get effective intellectual property protection which we have not had before in 103 countries.

For example, we are going to get protection in Brazil and Argentina where we have not had before. What that is going to mean is that it is going to provide everyone a more powerful incentive for American technology-based companies to come to our patent office and make sure that they get all of their technological assets patented. Because they will then be able to use that U.S. patent to go get a Brazilian patent and an Argentinian patent, and they will be able to start selling that technology in that marketplace, and in return, that will result in revenues flowing into the United States.

Just to give you an illustration, the United States has the most advanced biotechnology industry in the world. It is a very patent-dependent industry. Brazil has not provided patent protection for any of those products. In the pharmaceutical business, one of the major elements of biotechnology, there is an $87 billion market in this country alone. You have to assume that it is probably at least $5 billion or $6 billion in Brazil, and it is all of our technology that is being used, and we are getting hardly a penny from it right now.

Mr. MORAN. That is biotechnology.

Mr. LEHMAN. That is right. And as a result of this agreement—and some follow-up bilateral discussions that Ambassador Kantor had recently to even accelerate implementation of GATT in Brazil—we are going to literally start to see a couple of billion dollars more a year in export revenue flowing back into the United States.

I could go on and give you a bunch of other examples. But if we had effective intellectual property protection throughout the world, and, of course, using the tools we have in GATT and actually slogging through the enforcement process, we could very substantially reduce just on that alone the United States balance of payments deficit.

Mr. MORAN. It is fascinating. In fact, I would like to get some of those comments, if my aide could get those—some of those examples. I am too fascinated by it, unfortunately, because I am running out of time now. I am going to have to run down.

Thank you, Mr. Chairman, and thank you, Mr. Lehman. That is terrific. Really exciting.

Mr. LEHMAN. Thank you, Mr. Moran.

Mr. MOLLOHAN. I think Mr. Skaggs has some questions, so we will ask a few until his return. What was your authorization for fiscal year 1995?

Mr. LEHMAN. We have submitted to OMB our authorizing legislation. It is working its way through the Administration clearance process right now. Our authorizing committees are expecting to get something shortly and I expect that there will be no problem with that, but it is in progress. And we would expect that the Judiciary Committees would process authorization legislation this year.

IMPROVING PATENT PROCESS

Mr. MOLLOHAN. I understand you are interested in making the patents more specific and streamlining reexaminations. How is all that coming in your legislation?

Mr. LEHMAN. Well, it really goes to the dialogue that I was just having with Congressman Moran, and to what I said in my opening statement, that our primary goal is to achieve better quality. Some of that is very budget-related, because if we have overworked and understaffed examiners, we are going to make a lot of mistakes. Part of quality can also be addressed by policy changes in the Patent and Trademark Office.

One of the things that we find is that—and it is a good thing, but good things bring problems sometimes—the American technology machine is growing very rapidly. And we have more, and more technological information coming in to the knowledge base, and as hard as you try, it is hard to access it, even if you have a very elegant database. If we get NTIS all souped up and all of these other government agencies that Congressman Rogers was talking about so that we can have instantaneous access to all of the databases that they are creating, it is still going to be hard to catch everything.

So we are looking at various techniques to make certain that, where we have not caught everything, we provide other mechanisms for making certain that we can get that information into the Patent and Trademark Office.

One of them is possibly an enhanced reexamination procedure. Let's assume we have made a mistake in issuing a patent and we haven't caught everything. Somebody else knows that there is some widget out here that really is a prior art which should have prevented the issuance of that patent.

Before the person who gets this patent runs off and spends $100 million of his or her money to try to develop this invention and ends up in a bankruptcy court rather than with a new stock portfolio, we want to give him or her a mechanism to provide for some additional review. If anybody else out there has some information—you know, sort of like the old wedding ceremony, if there is anybody that has any information before I pronounce you man and wife—they can come in and let us know about it. That is what an expanded reexamination, quite literally implies. They would be able to come and give us this new evidence, and we would go back and reexamine, go over the old examination, and then look at the patent in that regard.

Mr. MOLLOHAN. That is the part of your new authorization. When are you going to submit those authorization proposals to the authorizing committees, or have you already?

Mr. LEHMAN. It is working its way through OMB right now. Some of these other substantive legal changes are not being submitted as a part of the authorization legislation, although they will go to the authorizing committees which have subject matter jurisdiction over patent, trademark and copyright law. The reexamination proposal is just a separate piece of legislation, a separate bill, but it is going through the same process right now.

Mr. MOLLOHAN. Do you expect to have an authorization this year?

Mr. LEHMAN. Yes, we do.

BUDGET-RELATED AUTHORIZATION REQUIREMENTS

Mr. MOLLOHAN. Does this budget request that you have submitted to us anticipate the authorization changes that might have a budgetary impact?

Mr. LEHMAN. Well, we don't expect our authorization changes to have a budgetary impact at this point in time.

Mr. MOLLOHAN. I sense Mr. Moran or somebody has gotten into what the impact of the recently negotiated trade agreements might have. Have you talked about that?

Mr. LEHMAN. He did discuss it. I would be happy to flesh it out more, if you would like.

Mr. MOLLOHAN. Well, if you have anything else to say on that, go ahead. We are waiting on Mr. Skaggs.

Mr. LEHMAN. Mr. Chairman, I don't know whether this is good or bad. I was told by my advisors that these hearings normally last no longer than a half-hour. I don't know if I am starting off on the right foot or not.

Mr. MOLLOHAN. I think you should follow all of the rules that witnesses follow in cross-examination, if I were you. You would be safe in repeating, probably.

PTO'S ROLE IN THE ECONOMY

Mr. LEHMAN. Actually, it does give me an opportunity to put our role in perspective. I understand completely the difficulties that the Committee has in trying to manage the Federal budget and in trying to manage the resources and all of the problems that we have with the 602(b) allocations. But the Patent and Trademark Office really is one of the best deals that our country has in terms of stimulating economic growth.

It is paid for completely by user fees. Mr. Moran asked us about the implications of GATT and NAFTA. Now, GATT and NAFTA don't cost us any money at all. They are going to make money for the Patent and Trademark Office, because they will increase our business and our user fees, and they are going to quite literally, fund and stimulate technological development in the United States. And the reason for that is because, obviously, quite apart from simply having an invention, your capacity to exploit it to its maximum is going to depend on the market in which you will be able to sell it.

And one of the major problems that we have had historically is that we have had a lot of the rest of the markets in the world for our most valuable products, our high technology products, denied to us simply because in those other countries they have not had intellectual property systems that have recognized our rights, and we have found people basically ripping off this valuable technology.

The President and Trade Representative Kantor have to be really commended for bringing this long and tortuous process of GATT and NAFTA approval to a conclusion. Because with the stroke of a pen to those agreements, we are going to get effective intellectual property protection, and that literally is like creating wealth. It means that in countries in the world where we have not had a market, we are going to have a market for these high technology products.

I gave one example to Congressman Moran; I can give another which is very startling. The computer software industry is one of the most successful industries in the United States. We have 75 percent worldwide market share. It is the only industry in Japan, for example, in which we have over a 50 percent market share. But it is an extraordinarily intellectual property-dependent base, because those little floppy disks are worth a few cents, which you can download into your computer without authorization.

We had a situation, for example, in Italy, a very developed country, this last year where we believe we were experiencing a lot of software piracy. People were downloading some of the software of major American companies—Microsoft, Word Perfect, et cetera—without authorization by the Patent and Trademark Office. The U.S. Trade Representative, the International Trade Administration of the Department of Commerce, which is a very important part of this, worked very closely with the Italian Government.

Finally, we got the Italian Government to agree to start enforcing their intellectual property laws with regard to computer software, and the first month after they made the policy change revenues for the eight largest U.S. computer software companies increased by $80 million. That is $1 billion a year for those eight companies from that one country.

If you start to extrapolate that for other countries, other similar markets, and then think of just those eight companies, that one industry, I think it points to the absolutely vital importance of making certain that we, (one), have an effective intellectual property rights system here where we secure these rights, and do it in an efficient and effective and timely manner; and then, secondly, that we continue this process which this Administration is proud to have done where we get effective worldwide recognition of these rights. And that is going to be the greatest, probably the biggest single contribution we can make to a more prosperous America and one that is highly competitive in the world.

Mr. MOLLOHAN. I am going to go vote.

[Recess.]

Mr. MOLLOHAN. Mr. Skaggs.

Mr. SKAGGS. Thank you, Mr. Chairman. I am sorry for holding up progress.

FTE REDUCTIONS

Good morning, and thanks for sticking around. I just have a couple of questions. One, I may not have been paying as close attention as I ought to have with your conversations with the Chairman and Mr. Rogers about how you are going to handle these FTE reductions and the contracting out issue. This is being driven by the Reinventing Government and downsizing overall, I gather, which I had thought was to be directed primarily at the middle management layers of agencies much more than the folks in the trenches, and that would seem also to give you a different rationale for appealing this particular impact on your operation.

Mr. LEHMAN. Well, I think you have touched on some very salient points. First, there is not a question about it. I believe fervently in the President's and the Vice President's goal of Reinventing Government and I think the idea of downsizing the Government is a very important part of what we can all be proud of in this Administration.

Every good idea needs some fine tuning and we, in the Patent and Trademark Office, certainly want to do that as much as everybody else. We issue these patent rights and then we have to spend hundreds of thousands of dollars for fine tuning.

I am sure and I am quite confident that the downsizing government initiative will be fine-tuned to deal with our problems as we work through the next year or two. Right now it is not creating a crisis for us. But quite clearly, the core of the Patent and Trademark Office comprises 1,800 patent examiners, all of whom have technological degrees, increasingly even Ph.D.s, advanced degrees, and their work is highly skilled.

We have 400 lawyer-trademark examiners, and, of course, it is very difficult to figure out how to do away with these people's job when our workload is increasing. We are in discussions with the Office of Management and Budget about that issue and others, I guess I am an optimist and I am confident that we will have the best of everything.

The Patent and Trademark Office has unique concerns. We are a fully fee-funded agency, so we do not draw taxpayer revenue, and we have a particular and unique mission to perform. We will be working with the OMB and the Commerce Department, and ultimately with Congress, to make certain that the American public is well served by what we do.

ORGANIZATIONAL STRUCTURE

Mr. SKAGGS. Is your management structure any more or less top or middle heavy than other agencies that you might compare yourself to?

Mr. LEHMAN. Well, one of the first things that I have done, Mr. Skaggs, in my tenure as the Commissioner of Patents and Trademarks, is to initiate the reorganization of the Patent and Trademark Office, the primary objective of which is to flatten the management structure of the office, to give us a look and feel, to use an intellectual property term, for a Silicon Valley economy.

We saw a proliferation of assistant commissioner positions. Congress has provided us only with two statutory assistant commissioners, two of whom are here in the room, who are appointed by the President, and confirmed by the Senate. And yet when I came into my job, I found that we had five other assistant commissioners that had just been created by an executive fiat.

We basically have done away with that. We are using those people's talents, but we are using them in another area, other than just building needless bureaucracy. So I would be happy to supply you with the full details of our reorganization, an extensive reorganization.

DOWNSIZING

Mr. SKAGGS. It relates to my first question, in that I think that the premise was that there was, if not fat, at least comparatively speaking, the best target for the downsizing pressure was to flatten out organizations, as you put it, and not to force contracting out of clerical support, which, as your numbers indicate is counterproductive in terms of the deficit.

DECOMPILATION AND REVERSE ENGINEERING

One other area that I just wanted to ask your comments on has to do with the ongoing controversy over decompilation and reverse engineering and interoperability and any of the other buzz words that apply. You know, I have constituent firms on both sides of the issue, which is every politician's delight, but as I try to understand it, I have come to the tentative, and probably naive, conclusion that it is possible to deal with the interoperability issue without getting into what we might consider a patent infringement circumstance, that you can get at enough of the innards of either a hardware or software system that you are trying to produce a product that you can interoperate with without having to go through a full decompilation and risk crossing over a proprietary boundary that we ought to maintain.

One, is my understanding more or less accurate; and two, if it is, is that the distinction that we are trying to maintain in government policy, particularly as we struggle with the Japanese on this one?

Mr. LEHMAN. Well, Mr. Skaggs, first of all, there are two aspects of decompilation and reverse engineering. One is the patent issue and the other is the copyright issue. Actually the notion of reverse engineering, which is sometimes a term used for decompilation or associated decompilation, actually drives up the patent law, though I think that the issue that you are really referring to primarily right now in U.S. law is a copyright issue, and it really relates to the computer software business, to computer programs. Right now, when you get a copyright for a computer program, what you get in effect is a copyright for the program.

The real issue is how far do those rights extend. Clearly they extend to the writing, that is the program, literally the code. The difficulty is that when you buy a computer program, you do not get the code that you can read. You get an encrypted version of the computer program.

In other words, if you could look at the actual code that your computer is reading, it could be nonsensical numbers to you. The only way that you can understand how the program works is to get to the source code, which is the computer code that people can actually read, and that programmers program.

Now, in a competitive world, obviously competitors would like to have access to other competitors' source code. So in addition to exercising their intellectual property rights, they also use trade secrecy. That is the patent and copyright rights, to protect those crown jewels' source code. What the decompilation issue is, and what it really means is that you can take or buy a program off the shelf, put it just like in a CIA decoder, or NSA decoder, and figure out what the source code is from that decoding process; get at the crown jewels, take away the trade secrecy.

The difficulty with that is that when you decode, the very process of using an NSA-type machine to do this, the decrypting machine, requires that you copy over and over again the product. The exclusive right to make copies and to copy is one of the basic elements of the copyright law. And so you are violating the copyright law when you do that.

There are a lot of people who don't like that and think that it should be changed, so that they could get access to their competitors' source code. There is a difference of opinion indeed within the United States industry over that, and the courts are looking at whether judicial doctrines such as the doctrine of fair use can be applied to at least provide some middle ground here. But the real issue for us and the administration is not taking a position on any of that, right now.

We would like to see the courts flesh this out before we decide whether there is a real problem. The real issue for us, though, as I mentioned earlier, is that we have over 50 percent market share on Japan in the computer software side. One of the reasons we have this market share there is because U.S. companies that control that market have the exclusive right of our intellectual property laws, the copyright law in this case provided to them in that country. The Japanese are currently considering changing their law. We strongly believe that the reason that they are doing so is precisely because they are falling behind in the market, that they basically want to get unauthorized access to their product, basically develop a legal mechanism for taking it. We are taking a very firm line and we are not going to permit that to happen without considerable complaints.

Because in a sense, this is an area of progress. This is an example of where we are starting to break down the market barriers that exist in Japan, and it would really be a shame if we moved in the other direction. One of the things that I am very much involved in is a whole set of intellectual property negotiations with the Japanese that are designed to have them give us more effective exclusivity in their market where we don't now have it.

INTEROPERABILITY

Mr. SKAGGS. Again, let me back up to a part of my question, if I may, very briefly. Where do you stand on the question of at least being able to gain interoperability access as a question of competitiveness and of, you know, protection against monopoly domination?

Mr. LEHMAN. My view,—and we haven't been asked to take an Administration view on this—is that the existing law provides a perfectly fine framework for dealing with all of these problems and requires no change. This is primarily the software industry issue. We have seen the evolution of the most vibrant and world dominant computer software market, a very important part of our economy, right here in the United States under the existing law.

We have seen people develop products that are interoperable. We see hundreds of applications for windows operating systems, for example, MS DOS operating systems. We see thousands of applications for programs for funding like Apple, MacIntosh operating systems. All of those involve interoperability.

You have to figure out how to hook up the application system to the operating system. We see applications systems based on other applications programs, for example, all kinds of products that build up a Word Perfect platform. Right now, the existing licensing system basically provides—and the marketplace provides—adequate interoperability. It is not in Word Perfect's interests or Microsoft's interests or any company like that to stop people from building products on its platform.

In fact, the industry practice generally is that you literally provide people with what they call a tool kit. You provide them with a lot of your intellectual property. The issue here is should the Government step in and tell them what they have to provide and what they don't? And I think before the Government starts to intrude on the marketplace to that level, you have to have an awfully sound reason for doing so. I am not sure that that requirement, that that rationale has yet been met.

A lot of people want to link this to the Japanese situation. But, as I indicated, we are absolutely 100 percent, certain—and this is not just me, this includes Under Secretary of State Jones, Ambassador Mondale. I was in Tokyo and talked with him about this a few months ago. He feels as strongly about this as anybody else—that they wish to use decompilation basically to try to erode our competitive advantage in their marketplace.

Mr. SKAGGS. I appreciate your comments. Thank you, Mr. Chairman.

Mr. MOLLOHAN. Mr. Price.

Mr. PRICE. I will pass, Mr. Chairman. Thank you.

Mr. MOLLOHAN. Thank you very much, Mr. Lehman for your testimony here this morning. We will, believe it or not, have a few questions to submit for the record and appreciate your time.

Mr. LEHMAN. Thank you very much.

Mr. MOLLOHAN. We look forward to working with you.

[The following questions were submitted to be answered for the record:]

Patent and Trademark Office

Questions Submitted by Congressman Mollohan

Fee Proposal

QUESTION:

I believe you are aware, Mr. Lehman, that the proposed appropriations language directing that collections of the patent surcharge fees be credited to the PTO Salaries and Expenses appropriations has not been scored favorably by the Congressional Budget Office. Is the Patent and Trademark Office (PTO) and/or the Office of Management and Budget (OMB) working on any alternative proposals to correct this problem? If so, please describe the proposal and tell us when we should expect a budget amendment.

ANSWER:

The Congressional Budget Office (CBO) has scored the PTO with $107 million in discretionary spending authority and with $107 million in mandatory offsetting receipts. This is the same scoring mechanism used by the CBO in the 1994 budget cycle. CBO and the Budget Committee concur in the fact that the PTO appropriations request has no PAYGO implications.

The Administration is currently investigating alternatives to its initial 1995 appropriations language for the PTO. The Administration is also in regular contact with staff members of the CBO and of the Appropriations, Budget, and Judiciary Committees. As of the time of writing of this response, the Administration has not made a decision on the PTO appropriations bill for 1995.

QUESTION:

What was PTO's role in developing the fee language as currently proposed in the President's budget?

ANSWER:

The decision to formulate an alternative funding strategy and alternative appropriations language for the PTO in 1995 was one jointly made by the PTO, the Department of Commerce, and the Office of Management and Budget (OMB). Once this decision was made, OMB had the primary responsibility to draft the appropriations language and develop the strategies for alternative funding sources, both of which were fully endorsed by the PTO and the Department of Commerce.

QUESTION:

Have you had any discussions with your authorizing committees on the proposed language or any proposed solution to the current scoring problem? Please elaborate. Do you expect the Judiciary Committee to take any action to change the fee surcharge?

ANSWER:

Initial meetings with the Judiciary Committees regarding the Administration's proposed appropriations language were positive. The Committees have previously expressed concern over diversions of prior years' spending authorities away from the PTO Fee Surcharge Fund to other non-PTO programs.

Staff from the Senate Judiciary Committee participated in a meeting among representatives from the Administration and from the Committees on Appropriations and Budget. They are aware of the scoring issues facing the Appropriations Subcommittees as a result of the Administration's proposed appropriations language for the PTO. They have also expressed opposition to increasing revenues through additional user fees.

The Administration is also in regular contact with staff from the House Judiciary Committee. We will work with Judiciary on alternatives to the Administration's proposal for PTO appropriations language in 1995.

QUESTION:

If there is no "fix" to the fee surcharge problem made for FY 1995, what steps will PTO take to eliminate the fee surcharge problem in FY 1996 and beyond?

ANSWER:

The 1993 amendment to the Omnibus Budget Reconciliation Act of 1990 (OBRA) extended the requirement for the deposit of patent fee surcharges to the Fee Surcharge Fund through the end of fiscal year 1998. At that point in time, the PTO would propose that the existing OBRA directions, as they pertain to the PTO, would be discontinued.

Currently, it is difficult to state what steps that the PTO would take to resolve the fee surcharge problem for fiscal years 1996 - 1998 given the uncertainties with regard to fiscal year 1995. Should the fee surcharge problem not be resolved in fiscal year 1995, the PTO would attempt once again to resolve the issue, working closely with OMB, the Department of Commerce, and the Congress.

PTO Space Rental Issues

QUESTION:

Your budget increases for FY 1995 include funds for the acquisition of additional space in Crystal City, Virginia to accommodate the expanding staff. What is the total amount included in this request for acquiring additional space?

ANSWER:

The PTO is requesting an increase of $689,000 to acquire an additional 21,114 square feet of additional space.

QUESTION:

You have been working with GSA to get reductions in your space rental costs. Are those reductions reflected in this budget request? Are you satisfied with the results of your negotiations with GSA, or is there still room for additional reductions in your rental charges? Will GSA cooperate in continued negotiations?

ANSWER:

The rental rates charged by GSA to the PTO were reduced in fiscal year 1993 as a result of an Appropriations Committee directive to GSA. A reappraisal of PTO space holdings was completed. Savings resulted. These savings were carried forward into future fiscal years and now comprise the "base" for the fiscal year 1995 request.

The 1995 budget request includes an additional savings of $1.6 million in space rental costs. The savings are reported as an Adjustment-to-Base. The $1.6 million savings resulted from the reappraisal of a single PTO-occupied building. The savings are offset, in part, by an across-the-board rate increase of 2.86 percent to all PTO space holdings.

The PTO has had continuous discussions with GSA over the past six months regarding the GSA space rental rates. We believe there is room for additional reductions in our space rental rates. The PTO is hopeful that there will be additional space rate reductions in our Crystal City space holdings prior to full scale recompetition of all PTO space holdings in 1995. Current Crystal City leases begin to expire in 1996.

QUESTION:

A majority of your leases in Crystal City expire in 1996 and 1997. What is the current status of efforts to obtain new space for PTO?

ANSWER:

The PTO has frequent and regular contacts with GSA senior management and GSA acquisition staff on future PTO space holdings. GSA has informed us that their FY 1995 proposed budget for the Federal Building Fund lists the PTO as one of 48 candidates for possible funding. Commissioner Lehman has met with the Commissioner of the Public Buildings Service to lay out a solicitation and acquisition strategy. GSA staff are now completing final actions on the PTO space prospectus which will be forwarded to the Congress upon OMB concurrence. PTO management have also made several site visits to alternative locations within the metropolitan area. Current plans anticipate the release of a solicitation in 1995.

QUESTION:

What are the benefits of keeping all of PTO's operations centralized in one geographical area? Will any consideration be given to splitting the patent operations from the trademark operations in the acquisition of new space?

ANSWER:

The consolidation of the main line patent and trademark functions in one geographical location is determined to be essential for our pipeline processing functions. The reasons are:

- The PTO is now very dependent upon centralized computer services and, by the turn of the century will be totally dependent upon automated systems for the conduct of daily business. Current plans call for the development, operation, and maintenance of search and image retrieval systems via a centralized computer facility, heavily reliant upon mainframe computers. In addition, automated systems operate on a campus-wide, fiber optic network. Neither lend themselves, from an operational or economic standpoint, to split operations.

- The main line patent and trademark operations are serviced by consolidated administrative functions, i.e., personnel, financial, budget, procurement, and automation services. Economies of operations would be diminished with separation of the patent and trademark functions and would likely result in greater costs.

- The PTO has just reorganized by consolidating all examination functions pertaining to patents and trademarks under, respectively, the Assistant Commissioner for Patents and the Assistant Commissioner for Trademarks. This consolidation promotes "one stop shopping" for our users and promotes a more responsive management structure to the Commissioner. If the patent and trademark operations were in locations separate from the Commissioner and other Executive Staff members, the benefits of a more responsive patent or trademark operation for the Commissioner would be lessened.

The PTO does, however, recognize the merit of separating certain of our smaller service organizations to another location, such as in the District of Columbia. Such a proposal has two advantages:

- The PTO has been advised by the General Services Administration (GSA) that a split competition or solicitation for space would increase our leverage in negotiating favorable leases or other arrangements among multiple lessors; and,

- There are also advantages to locating selective PTO operations closer to Department of Commerce headquarters, to the Office of Management and Budget, and to the Congress.

Level of Filings

QUESTION:

How does the actual number of patent filings to date in FY 1994 compare to what was anticipated when you submitted the FY 1994 budget request to us last year?

ANSWER:

The FY 1994 budget request estimated 185,000 utility, plant and reissue (UPR) patent applications in FY 1994. However, actual patent application filing levels were significantly below plan for both FY 1992 and FY 1993, at 172,539 and 174,553 respectively. This led to a revision in the FY 1994 anticipated filing level in the FY 1995 budget request from 185,000 to 179,000. However, current projections indicate that year end application filings will total between 181,600 and 185,700 filings.

QUESTION:

If there is any difference, what is the impact on fee revenue and on patent pendency?

ANSWER:

With expected patent application filings running close to the FY 1994 budget request estimates, there has not been a negative impact on fee revenue. Revenue received for workloads in excess of planned levels will be used in subsequent years to process the resulting backlogs.

With regards to patent pendency, there are several ongoing factors with the potential to increase patent pendency. The level of technological complexity, and examining difficulty, of patent applications continues to increase, while efforts to strengthen the quality of the examination process are underway at a time of constrained staffing. Addressing these factors while achieving the PTO's pendency goal of 18 months to issue or abandonment of an application will prove challenging.

QUESTION:

How have your automation projects been impacted by fluctuations in the level of filings (and the resulting fluctuation in fee revenue)?

ANSWER:

The development of new automation projects are definitely affected by fluctuations in the levels of filings and other incoming workloads as the resulting fluctuations in income determine the levels of funds available for automation projects. For example, in fiscal year 1991, the levels of patent applications fell below planned levels. In the second quarter of that year, the PTO withdrew $10 million in spending authority from its programs, including automation. The result was a postponement in achieving certain automation milestones.

When applications and other incoming workloads exceed plan, additional income from the advanced payment of fees does result. While a portion of this income could be directed toward our automation programs, the majority of the income must be reserved for examination purposes in the next fiscal year to work off the growing backlogs of unexamined cases and other pending workloads. Simply put, income received in any fiscal year in excess of plan is not a "surplus". It is instead income that must be reserved into the next year in order to work off the excess numbers of applications received.

Rate of Patent Pendency

QUESTION:

What is the current average length of patent pendency, and how does that compare to the Office's goal of maintaining patent pendency at 18 months?

ANSWER:

The current average length of patent pendency is 19.1 months, i.e., 1/2 month under the planned number of 19.6 for FY 1994. For first actions, disposals and production units, use of full overtime coupled with improved examiner retention has led to a higher than planned average examiner experience level. These factors have contributed to a higher than planned overall productivity through the second quarter of FY 1994.

The PTO maintains the goal of achieving patent pendency time as near to the 18-month goal as practicable and possible in view of growing workloads, staffing and funding restrictions, and the complexity of cases. Patent laws encourage technological advancement by providing incentives to invent, invest in, and disclose new technology. An inventor's ability to protect his or her invention against infringement, or to secure financial resources for investment depends on the issuance of a patent within a reasonable length of time. The public also benefits from prompt issuance of patents because the disclosure of new technology through the patent process tends to stimulate further development and innovation. Analyses have demonstrated that 18-month average pendency is desirable and cost effective in the United States. Elsewhere publication of patent applications in 18 months is recognized as an international standard.

Automation Program

QUESTION:

What is the status of the development of both the Automated Patent System and the Automated Trademark System? When will each of these automation projects be completed?

ANSWER:

The Patent and Trademark Office has established milestones for the following APS projects:

- Analysis and design for the third generation workstation (3GWS). Completed.
- Deploy APS-Classified Search and Image Retrieval (CSIR) system in a shared environment to patent groups 120 and 230 and in a public casino environment. Completed.
- PTONet operational for APS-CSIR deployment. Completed.
- Award 8 (a) contract for early Patent Application Management (PAM) design studies. Completed.
- Award PAM integration contract. Scheduled for FY 1995.
- Development of Electronic Application System (EASY) and pilot testing of EASY with project teams at the PTO, the European Patent Office, and the World

Intellectual Property Office JPO). Scheduled for FY 1995.

- Begin to accept patent applications electronically. Scheduled for FY 1996.
- Design Patent and Trademark Copy Sales (PTCS) order entry version 1.1 and PTCS order collation version 1.2. Completed.
- Add new Patent and Trademark Depository Libraries to the nationwide network of libraries. Completed.
- Classified Search and Image Retrieval capabilities to be deployed among all patent examiners in a desktop environment. Begin FY 1997.

The Patent and Trademark Office has established milestones for the following Automated Trademark System projects:

- Load all trademark images to data base. Completed.
- User testing and implementation of X-Search version 1.0. Completed.
- Award contract for X-Search version 1.1 to replace the current ORBIT software. Scheduled for FY 1995.

The PTO has scheduled for the APS to become fully deployed in FY 1999, at which time the last phase of this project, PAM, will be integrated into APS.

QUESTION:

Now that you have been in office for almost a year, do you foresee the need for additional automation changes for PTO? If so, please explain.

ANSWER:

The PTO completed an indepth, "zero-base" review of all automation budgets for fiscal year 1994. Priorities were reviewed and schedules were subsequently revised. Similar reviews are currently underway for fiscal years 1995 and 1996 budgets and activities. A PTO reorganization is currently being implemented. A new organization, directed by a Chief Information Officer (CIO) reporting directly to the Commissioner, has been established that will centralize all automation development functions. Future development efforts will be organized in a matrix format, e.g., the Assistant Commissioner for Patents will direct requirements for new automated patent systems and the organizations reporting to the CIO will provide technical direction and services. Automation operational functions as well as information dissemination activities will report to the organization headed by an Associate Commissioner.

The status and direction of our major automation programs and activities follow.

Currently, the PAM conceptual design has six segments: four subsystems and two primary interfaces. As of April 1994, the final PAM architecture and the definition of segments and interfaces are conceptual. The final definition of system segments and interfaces will occur during the preparation of the PAM detailed design, an activity which will be performed by the PAM Development and Integration (D&I) contractor working closely with PTO staff. Additional overall functions supported by the PAM system are security and maintenance. That is, PAM will ensure the protection of the system and data against unauthorized access, disaster, and other security risks; and ensure continuation and enhancement of system services to all users. Interfaces to other PTO systems like the Cash Receipts Deposit Accounts (CRDA) and the Classification Data System (CDS) may also be developed.

The PTO plans to develop the PAM system using a combination of in-house and contract staff, components, and other resources. The PTO will use existing and planned PTO "infrastructure" components, consolidate PAM requirements into PTO-wide acquisitions of other components, and contract for the labor and other resources needed for the system development and implementation. The principal difficulty facing the PTO in implementing PAM is the transition from the present process to the PAM process. PAM will have a profound effect on virtually all PTO activities, and will result in changes to the PTO's organizational climate and culture.

The PTO has abandoned an earlier acquisition strategy which involved a design competition among two or three potential system integrators prior to the award of the final integration contract. The present acquisition strategy is dictated in part by the direct cost savings which are expected to result from PAM implementation and the consequent desire to accelerate PAM development and deployment as much as possible to realize those benefits.

The Electronic Application System (EASY) project will develop an authoring/validation program that will allow patent applicants to create electronic patent applications. The goal is to capture source documents electronically at the originator's computer so as to reduce the financial costs and the errors associated with moving data from paper source documents to electronic storage media. This project is being developed in cooperation with the European Patent Office (EPO) and the World Intellectual Property Organization (WIPO), with costs being borne jointly by the participating offices. The project's milestones and development plan are also largely determined in cooperation with EPO and WIPO.

EASY will be a system capable of handling a wide range of application forms and other communications that can be received in a standardized format. As such, it is the intake component in an end-to-end system for the electronic processing and publication of patent and trademark information. Although this software program is an entity external to the Patent Application Management System (PAM), it is a key component for electronic processing of applications within the PAM system and will fully integrate with the Application Data Input Management (ADIM) subsystem of PAM.

The Trademark Information System (TIS), formerly called Automated Trademark System, will replace the TRAM system. The system will accept electronically submitted information, convert paper documents to electronic form, maintain an electronic file for applications and registrations, record prosecution history and production information, provide an automated search capability, photocompose the Trademark Official Gazette and Registration Certificates, and disseminate information to the public. The goal is to make significant improvements in operating efficiency by "re-inventing" the way trademarks does business and by expanding public access to automated trademark information.

The PTO is developing a general purpose image service to be known as a Generalized Image Service (GIS). Conceptually, GIS provides a clearly defined interface between the end-user applications from the complexities of image storage and facilitate the introduction of new storage systems and technologies with minimum disruption. The GIS will encapsulate the dictionary search, structural definitions and retrieval components which are currently intermixed throughout the various image applications into a single, callable module. It provides retrieval capabilities for arbitrary collections of stored objects which may be performed by any process that adheres to the standard communication protocol and procedural calls. GIS is an initial step toward the next generation of the APS architecture. As such, it is an evolutionary redesign of the current APS image delivery system which will minimize the cost and complexity of developing new applications. This effort includes those activities that will result in the definition and initial implementation of a general-purpose image service in the APS.

QUESTION:

To what extent does the Patent Office get involved in the development of leading edge technologies related to the patent process? Does PTO participate in the development of prototype systems? Have you ever been involved in the development of new technologies in the past, and if so, what were the results of those efforts?

To what extent does PTO interact with Federal R&D agencies such as NIST or Defense R&D programs to share information on leading edge technologies which may be applicable to your mission?

ANSWER:

The PTO is in the process of establishing an interagency agreement with the National Institute of Standards and Technology (NIST) to obtain assistance in the areas of computer security, standards, and architecture. This assistance will be related primarily to the development of the Patent Application Management (PAM) system, but may also be required for other PTO systems. The NIST will assist the PTO to ensure that the PAM system and other PTO systems comply with applicable standards, have adequate security and properly mitigate risks, and are built using appropriate architectures.

The NIST will review the plans for, and products of, the development of PAM and other PTO systems to ensure that they adequately address or comply with applicable standards. The NIST will review these documents to identify areas where standards are required, and will recommend specific changes to the documents to incorporate those standards. The NIST will assist the PTO to refine its system development methodology. This will include reviewing documents that describe the current and proposed methodologies, and documents describing methodologies being used to develop PAM and other PTO systems. The NIST will determine whether these documents adequately address, and comply with, applicable systems development standards. The NIST will assist the PTO to finalize, replace, or supplement the methodology. The NIST will review PTO documents and attending meetings.

The PTO is planning to migrate its patent publishing systems from proprietary markup systems to the Standard Generalize Markup Language (SGML). This transition will ultimately involve electronic patent and trademark applications, data storage, data exchange, and dissemination systems. SGML is an international standard which is the foundation of a suite of standards included in the Department of Defense CALS community, especially for table formatting and for mixed image and text tape formats.

The PTO proposed that it join the National Storage Laboratory sponsored by the Department of Energy's Lawrence Livermore National Laboratory (LLNL). The PTO believed that the scientific community orientation towards bit file support that is currently the focus of NSL would have greater utility if it were expanded from exploring suitable file storage system interfaces that are optimized for file systems to interfaces also optimized for more traditional, business-orientated database systems. The PTO hoped to work with LLNL and NSL to broaden the High Performance

Storage Subsystem (HPSS) in the development of open databases, text, and images imbedded in text. Through PTO's involvement interfaces for these databases to the HPSS would be emphasized and standards of broader commercial value would be proposed. The NSL accepted PTO's proposal for full participation in the NSL.

CNIDR (Clearinghouse for Network Information Discovery and Retrieval) organization is supported by a grant from the National Science Foundation (NSF). PTO has taken advantage of CNIDR's expertise in three specific areas: Internet, Z39.50 protocol, and development of Generalized User Interface (GUI). Through an interagency agreement between the PTO and the NSF signed in November 1993, PTO has tasked CNIDR to custom tailor the Z39.50 protocol stack (e.g., a software facilitating the two-way client/server connection) to the PTO's specific needs. This means that by using a desktop computer and Internet media a user is able to place inquiries for U.S. patent text search, browsing and retrieval via Internet and the Messenger Standard Interface (MSI), as a gateway server to and from PTO's database.

The PTO is initiating the steps necessary to acquire a replacement for its existing patent text search capability. The proposed acquisition strategy contemplates the issuance of an RFP for a complete document text search facility, including hardware and software. The acquisition strategy calls for the procurement of a COTS software product. If a COTS solution is not currently available, PTO would look to enter into a partnership with industry to develop a software product that has a high potential for becoming a future COTS product, with a broad base of diverse users and supported on a range of modern open system environment compliant equipment. The software may support applications requiring small client/ server, medium-sized distribution parallel processing, and large massively parallel processing solutions. The PTO intends to work with NIST text search experts and the intelligence community to exchange knowledge and take advantage of other efforts currently underway, ensuring a solution that may be used by other Government agencies. This acquisition is an OFPP pilot project which will employ past performance as an evaluation factor.

Request to OMB

QUESTION:

What was your original budget request to OMB for FY 1995, what items (if any) did OMB eliminate from your budget request, and what will be the impact of those reductions on the ongoing operations of the Patent and Trademark Office?

ANSWER:

The PTO's original budget request submitted to OMB was for 5,156 FTE and $563,841,000. The OMB did not change the PTO budget request except for FTE and pay raise.

PTO had requested 106 FTE above 1994 levels, principally for growing examination workloads, and received 25 FTE above 1994 levels. OMB could not accommodate all PTO requirements due to a government-wide reduction of FTE ceilings. The PTO reduced base FTE for non-production activities in order to dedicate the 25 FTE to examination pipeline functions. Base programs were reduced by 81 FTE.

Funding levels increased by $7,598,000 due to 1994 locality and 1995 cost-of-living pay raise adjustments.

Status of Authorization/Other Legislative Proposals

QUESTION:

Will you be requesting in your legislative proposal any change in the surcharge authorization that would modify the scoring of the fee surcharge fund?

ANSWER:

The PTO authorizing language for fiscal year 1995 supports the current appropriations language, i.e., that the surcharge fees be treated as offsetting collections to the PTO.

As stated in responses to previous questions, the Administration is considering other options to the current appropriations language before the Congress.

Questions Submitted by Congressman Moran

QUESTION:

What benefits would be attained from moving the Patent and Trademark Office off-budget and allowing you to operate solely on the fees raised?

If such a recommendation were made, how would the PTO ensure stability in the fee rates and ensure adequate Congressional oversight into PTO operations.

Have you discussed this proposal further with the Department of Commerce and your authorizing Committee (Judiciary)? How receptive are they to that recommendation?

ANSWER:

The PTO has been totally reliant on its fee income since fiscal year 1991 when the Omnibus Budget Reconciliation Act (OBRA) of 1990 imposed a 69 percent surcharge on all patent fees to, in effect, "zero-out" any reliance on taxpayer funds. Unfortunately for the PTO, the surcharge fees must be deposited, according to OBRA, to a special Fee Surcharge Fund from which equal funds are to be appropriated. Since fiscal year 1992 through fiscal year 1994, over $35 million of surcharge funds have not been appropriated to the PTO. These funds are held in reserve for the PTO in the Fee Surcharge Fund pending Congressional appropriations action.

Because the PTO has not been appropriated all of its surcharge fees, the Administration proposed new language in fiscal year 1995 that directs all fees, including the surcharge fees, to the PTO. The requirement to deposit the surcharge fees to the Fee Surcharge Fund and to seek like levels of appropriations, would not be required under the Administration proposed appropriations language for fiscal year 1995. The primary benefit of this legislation is that all income is provided directly to the PTO for the purposes for which the fees are intended, i.e., the examination of patent applications.

The fiscal year 1995 proposed authorization language continues the practice of allowing the PTO to adjust fees for the rate of inflation (the Consumer Price Index or CPI) experienced in the preceding 12 months. This adjustment is governed by actual inflationary rates published by the Bureau of Labor Statistics in the Department of Labor and is widely published in the Federal Register and the PTO's Official Gazette. Public comment is encouraged. Any fee adjustment beyond CPI must be specifically approved by the Congress, beginning with the Committees on the Judiciary. This practice would continue in fiscal year 1995.

Beyond fee adjustments, the Committees on the Judiciary and on Appropriations would continue oversight of the PTO. The pending fiscal year 1995 authorization and appropriations language does not alter the responsibility of either Committee to request information, to demand answers, or to hear from the Commissioner or other PTO officials on subjects of concern to the Committees.

The Administration and the Committees on the Judiciary support the concept of permitting all collected fees, including the surcharge fees, to come directly to the PTO.

PTO Consolidation

QUESTION:

A bulk of your leases expire in fiscal years 1996 and 1997. In the past, there have been discussions ~~from~~ of consolidating the PTO into a central building and locating in the Dulles Corridor. Recently, there have been articles in trade papers that the PTO is examining the possibility of consolidating its operations into the Washington Naval Yard in Southeast Washington.

What is the status of such proposals? Are you still examining the possibility of relocating to the Dulles Corridor or the Washington Naval Yard?

ANSWER:

The PTO has examined the option of locating its headquarters in the Washington Naval Yard in Southeast Washington. However, we have been advised by the General Services Administration (GSA) that sufficient space is not available in the Southeast Federal Center (i.e., the Washington Naval Yard) for a consolidated PTO facility.

The prime requirement for any PTO consolidated facility in the Washington Metropolitan Area is access to a Metro stop. This access is required because of the large number of our employees, particularly our lower-graded employees, who rely on Metro for transportation. Given this requirement, a facility in the Dulles Corridor is not acceptable. We should also point out that any move away from the Crystal City location in excess of ten miles would require the provision of moving expenses to our employees. This could be a very costly alternative.

The PTO, working with GSA, is revising its space prospectus to focus on competitive acquisitions principally in the Crystal City - Alexandria region.

QUESTION:

What are the estimated costs of either constructing a new central facility for the Patent Trademark Office or renovating a facility such as the Washington Naval Yard?

How do these costs compare to current lease costs?

ANSWER:

The General Services Administration(GSA)has provided us estimates of cost and lease for approximately 2,000,000 square feet of space. The options and present value costs based on a 30 year cost effectiveness analysis are:

1.	Lease in Crystal City:	$917,408,000
2.	Lease in Northern Virginia within 10 miles of Crystal City and Metrorail proximate:	$874,130,000
3.	Construct in Northern Virginia within 10 miles of Crystal City and Metrorail proximate:	$817,000,000
4.	Construct at the Southeast Federal Center:	$896,285,000

GSA's assumptions are:

- Occupancy to occur in 2001.
- No parking structure costs were assessed for construction.
- The Southeast Federal Center would require all new construction.
- This analysis provides a comparison of four equivalent alternatives.

Interpretation of this response:

- The 30-year cost effectiveness model analyzes the life- cycle cost to the Government to provide a lease or construction project. The cost to the Government may not reflect the actual cost paid by the PTO. Actual costs to the PTO are based upon appraisals of the lease market, conducted on five-year intervals.
- The cost advantage in the Northern Virginia construction alternative over the Southeast Federal Center construction is the result of higher costs in the District for taxes and services. This cost advantage offsets the benefit of having no purchase cost for Southeast Federal Center land.
- Initial budget outlays for the Southeast Federal Center would require a lower budget authorization due to the use of Government-owned land.

Notes:

- The Southeast Federal Center does not have sufficient capacity to accommodate all of PTO's requirements.

- An analysis for preparation of a prospectus would evaluate parking costs and an opportunity cost for Southeast Federal Center land. More extensive data collection would be required by GSA to complete such an analysis.

QUESTION:

In renegotiating your leases or examining future lease possibilities, how important will it be to consolidate your operations, if not in one central facility, than at least in one central area?

How would locating part of you operations in Southeast Washington while keeping the rest in Arlington, VA, improve the management or advance the interests of the PTO?

ANSWER:

The consolidation of the main line patent and trademark functions in one geographical location is determined to be essential for our pipeline processing functions. The reasons are:

> The PTO is now very dependent upon centralized computer services and, by the turn of the century will be totally dependent upon automated systems for the conduct of daily business. Current plans call for the development, operation, and maintenance of search and image retrieval systems via a centralized computer facility, heavily reliant upon mainframe computers. In addition, automated systems operate on a campus-wide, fiber optic network. Neither lend themselves, from an operational or economic standpoint, to split operations.
>
> The main line patent and trademark operations are serviced by consolidated administrative functions, i.e., personnel, financial, budget, procurement, and automation services. Economies of operations would be diminished with separation of the patent and trademark functions and would likely result in greater costs.

The PTO has just reorganized by consolidating all examination functions pertaining to patents and trademarks under, respectively, the Assistant Commissioner for Patents and the Assistant Commissioner for Trademarks. This consolidation promotes "one stop shopping" for our users and promotes a more responsive management structure to the Commissioner. If the patent and trademark operations were in locations separate from the Commissioner and other

Executive Staff members, the benefits of a more responsive patent or trademark operation for the Commissioner would be lessened.

The PTO does, however, recognize the merit of separating certain of our smaller service organizations to another location, such as in the District of Columbia. Such a proposal has two advantages:

The PTO has been advised by the General Services Administration (GSA) that a split competition or solicitation for space would increase our leverage in negotiating favorable leases or other arrangements among multiple lessors; and,

There are also advantages to locating selective PTO operations closer to Department of Commerce headquarters, to the Office of Management and Budget, and to the Congress.

PTO Lease Renegotiations

QUESTION:

According to the document you submitted to my office, which I will submit for the record, your average lease cost increased from $27.06 per square foot in FY 1993 to $30.59 per square foot in FY 1995, but you were able to renegotiate with GSA to bring that cost down to $29.65 per square foot.

Have you discussed the possibility of further negotiations with GSA to reduce your rent beyond the 94 cent savings per square foot realized in this year's budget request?

ANSWER:

During the past six weeks, we have had a series of discussions with GSA regarding the lease rates charged to us by GSA for our Crystal City holdings. We do hope to conclude an agreement with GSA on further reductions to our Crystal City lease rates prior to full scale competition in 1995.

QUESTION:

Have you examined the possibility of obtaining independent leasing authority in an arrangement similar to that of the SEC which would allow you to negotiate directly with your current or future landlords?

What savings would you realize with such an independent authority?

How would these savings better enable the PTO to better serve the patent community?

ANSWER:

The PTO has considered the merits of obtaining independent leasing authority similar to the SEC authority. There is potential merit for the PTO given the large scale space holdings that we now have (over 1.4 million square feet) and that we will require in the next five years (nearly 2 million square feet). Independent leasing authority would be a natural complement to a fully fee funded operation and would provide the PTO with a capability to direct its user-provided fees in ways more supportive of the examination processes.

While the PTO does not have access to all of the leases between GSA and our principal lessor, we do believe that the per square foot rate currently charged to the PTO could be reduced by anywhere from between ten and 20 percent. Such a reduction, given existing lease agreements, could produce savings in fiscal year 1995 ranging from $4.4 million to $8.8 million. Further savings could likely be realized with full scale competition of our lease holdings bolstered by a very competitive commercial real estate market in the Crystal City - Alexandria area.

QUESTION:

How does your currently assessed lease compare with lease costs in the District of Columbia?

ANSWER:

According to an article in the "Washington Business" section of The Washington Post dated January 24, 1994, " ... a Class A building ... lease rates in the District average $33.50 per square foot." The article also stated that " ... tenants in one top-flight downtown building were charged about $40 per square foot on a 10-year lease (the high end of the market but not outrageously so)."

In fiscal year 1995, the PTO average cost per square foot for all leased office space will be $29.65. Because GSA and the PTO lease space on a per building basis, i.e., separate leases for each acquisition, office space rents run from a high of $44.97 per square foot to a low of $23.46 per square foot.

On the average, PTO lease rates are slightly below those commercial rates charged in the District.

PTO Location and Solicitation

QUESTION:

I understand you may be issuing a solicitation for leases in the near future. In doing so, and in examining new leases, I am sure that you will want to emphasize the need for reduced costs as well as accessibility to METRO Rail and public transportation, accessibility to major highways, proximity to National Airport, and the impact on your employees both in terms of their commuting distances and their personal safety.

What criteria will you be using in examining new lease opportunities?

How much weight will be given to criteria such as accessibility to METRO rail and public transportation, proximity to National Airport, employees commuting time and employee safety?

ANSWER:

In any solicitation, the primary consideration is the acquisition of the best possible, most efficient space for our employees at the lowest possible cost. Other "must" considerations are:

- Consolidation of main line patent and trademark examination processes, with appropriate administrative support, such as personnel, financial, budget, procurement, and automation support.

- Acquisition of buildings that can accommodate state-of-the-art, high technology automation systems.

- Access to METRO rail and public transportation for our employees, particularly for our lower graded employees who rely totally on public transportation on a daily basis.

- Acquisition of space that will guarantee the safety of all of our employees, some of whom work second and third shifts.

- Access to National Airport for our many users who often pay personal visits to our search rooms or who conduct personal interviews with our examiners on their pending applications.

- Acquisition of a site that can accommodate the many small businesses, e.g., private search firms, and many law offices that regularly conduct business with the PTO.

- Acquisition of a site within a ten mile radius of Crystal City so as to avoid payment of Permanent Change of Station expenses to our employees.

- Close proximity to the District of Columbia, especially to the Department of Commerce headquarters, to the Office of Management and Budget, and to the Congress.

WITNESSES

	Page
Baker, Dr. D.J	1
Balutis, A.P	587
Beck, C.T	759
Bellomo, J.P	893
Bloom, T.R	587
Brown, M.E	1, 587, 665, 759, 893, 1161, 1359
Carson, C.S	759
DeGeorge, Frank	665
Ericsson, S.C	893
Gallagher, Brenda	759
Gottesman, Uriel	587
Gutierrez, Gloria	587
Hall, Doug	1
Huther, B.R	1359
Irving, Larry	1161
Jackson, B.J	759
Josephson, Diana	1
Knickerbocker, F.T	759, 893
Landefeld, J.S	759
Lehman, B.A	1359
London, P.A	759, 893
Lynch, J.R	1359
Moxam, Andrew	1
Scarr, H.A	893
Shrum, Gay	1161
Stewart, S.G	587
Sullivan, Kathy	1

INDEX

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Page
1995 Budget Justification ... 2–461
Aircraft Procurement ... 476–477
Aquaculture ... 477
Authorization Status of Proposed Terminations ... 497–500
Closing Remarks ... 538
Convergence with DOD ... 529–530
Coral Harvests ... 511
Data from Private Aircraft ... 515
Facility Plans ... 536–537
Fee Proposals ... 476–477
Fleet Modernization ... 512–514
Global Warming ... 514–515, 531–532
Globe Program ... 481–482, 512
IG Contract Growth Concerns ... 536
Impact of FTE Decreases on Facilities ... 538
Landsat Program ... 486–489
Landsat/EOS Incorporation ... 489–490
NEXRAD ... 534–536
NOAA Restructuring and Buyouts ... 532–533
NOAA Restructuring ... 511–512
NOAA's Total Budget Change ... 493–494
NOAA vs. DOC Budget Summary ... 490–492
NURP Reduction ... 509–510
Opening Statement ... 462–464
Other Disease Research/Coral Harvests ... 530–531
Oyster Disease Research ... 510
Proposed Reductions ... 496–497
Questions Submitted by Congressman Carr ... 578–582
Questions Submitted by Congressman Skaggs ... 583–585
Questions Submitted by Congressman Smith ... 539–577
Request to OMB ... 482–486, 501–508
Satellite Programs ... 486, 521–529
Sea Grant ... 478–479
Space Weather Services ... 494–496
Statement of Dr. D. James Baker ... 465–475
Storm Research ... 508–509
Water Resources Forecasting System ... 480–481
Weather Research Aircraft ... 515–520
Weather Service Modernization ... 479–480, 533–534
Zeba Mussels ... 477–478

General Administration

Page
10 Percent Budget Increase 643
1995 Budget Justification 588–631
Biography of Thomas R. Bloom 634
Costs Associated with Financial Management System 656
Departmental Financial Administrative System Implementation Center 640–641
Downsizing 642–643
Financial Management Center 654–655
Impacts of Buyouts 641–642
Overview of Statement 632–633
Personnel Increases 644–653
Questions Submitted by Congressman Mollohan 659–664
Reengineering Processes 642
RSMIS System 656–658
Space/Facilities Requirements 656
Statement by Thomas R. Bloom 635–639
Streamlining the Accounting Department 655–656

Office of the Inspector General

1995 Budget Justification 666–694
1995 Budget Request 704
Account System Pilot Program at Census 748–749
Census Leadership 748
Census Supercomputer 714–715
Consolidated Procurement of Satellites 716–746
Decennial Census 747–748
Economic Development Loan Program 707
EDA Audit Report 708–709
EDA Defense Conversion 707–708
EDA Organization 704
EDA Vs. SBA's Loan Program 713–714
EDA's Procurement Process 709–713
NEXRAD Weather Radar Acquisition 715–716
Opening Statement 695–696
Processing of Grant Applications 705–707
Questions Submitted by Congressman Mollohan 750–757
Statement by Frank DeGeorge 697–703

Economics and Statistical Analysis

1995 Budget Justification 760–835
Biography of Paul A. London 838
Departmental Priorities 839–842
Economic and Statistical Analysis Products 851–869
Economic Information Infrastructure Initiative 843–844
Green GDP—Coal 871–872
Green GDP—Depletion 878–880
Green GDP—Phase III 874–878
Green GDP 849–851, 869–871
Net Domestic Product 872–874
Questions Submitted by Congressman Mollohan 881–892
Services Trade Surplus 845–848
Statement by Paul A. London 839–842

Bureau of the Census

Page
1990 Census 1094–1121
1995 Budget Justification 894–1073
1995 Census Test Questionnaire 1093–1094
Bowie Supercomputer 1094
Bureau Reorganization 1090–1091
Cooperation with the Postal Service 1092–1093
Geographic Support/Master Address File 1091–1092
Legislative Amendments Regarding the Postal Service 1092
Opening Statement 1074–1077
Questions Submitted by Congressman Mollohan 1122–1149
Questions Submitted by Congressman Moran 1157–1160
Questions Submitted by Congressman Rogers 1150–1156
Statement of Harry A. Scarr 1078–1089

National Telecommunications and Information Administration

1995 Budget Justification 1161–1307
Biography of Larry Irving 1310
Children's Educational Television 1341–1347
Clearinghouse for Dissemination of Information 1326–1327
Information Infrastructure Grants 1324, 1333
National Endowment for Children's Education Television 1328–1329
NII and Law Enforcement 1337–1339
NII Grants and Information Dissemination 1326
NII Planning/Demonstration Funding Distribution 1324–1326
NII Program Focus 1327–1328
NII Projects 1336–1337
Planning Grants 1327
Public Broadcasting Facilities Grants 1330–1331
Public Broadcasting—Distance Learning 1334–1336
Questions Submitted by Congressman Mollohan 1348–1357
Questions Submitted by Congressman Moran 1358
Request to OMB 1333
Spectrum Reallocation 1332–1333
Statement of Larry Irving 1311–1323
Technology Availability 1329
TV Marti 1331–1332
Opening Statement of Larry Irving 1308–1309

Patent and Trademark Office

1995 Budget Justification 1359–1502
Application of Increase Requests 1511–1512
Areas for Contracting 1513
Benefits of Full Funding 1510–1511
Biography of Bruce A. Lehman 1504
Budget-Related Authorization Requirements 1526
Comparison to Foreign Patents Offers 1520–1521
Consolidation 1520–1522
Contracting Out 1512–1513
Decompilation and Reverse Engineering 1529–1530
Downsizing 1529

BOSTON PUBLIC LIBRARY
3 9999 05018 424 9

Page
Fee Funding ... 1519
Fee Proposal ... 1509–1510
FTE Reductions ... 1512, 1528
Impact of Trade Agreement ... 1524–1525
Improving Patent Process ... 1525–1526
Interoperability ... 1530–1531
Office Automation ... 1517–1518
OMB's Role ... 1514–1515
Organizational Structure ... 1528–1529
Pendency ... 1510
Performance Measures ... 1511
PTO's Role in the Economy ... 1526–1528
Public Access to PTO ... 1522–1523
Questions Submitted by Congressman Mollohan ... 1532–1544
Questions Submitted by Congressman Moran ... 1545–1551
Reducing Staff ... 1513–1514
Relationship with Other R&D Related Agencies ... 1518–1519
Requested Increase ... 1515–1517
Space Needs ... 1519–1520
Statement of Bruce A. Lehman ... 1505–1508
Statement Overview ... 1502–1503

○